Daily Report

East Europe

FBIS-EEU-94-146
Friday
29 July 1994

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CONTENTS

NOTICE TO READERS: All material in this volume previously disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTER-EUROPEAN AFFAIRS

Contact Group Prepares for Third Geneva Meeting *[TANJUG]* 1

ALBANIA

Government Questions Greek 'Contradictory' Stance *[Tirana TV]* 2
Appeals Court Upholds Nano's 12-Year Sentence *[Tirana TV]* 2
Former Communists Gather at Supreme Court *[Tirana TV]* 2
Court Orders KOHA JONE Assets Seized *[ALEANCA 28 Jul]* 2
Former Prisoners Threaten Hunger Strike *[ALEANCA 28 Jul]* 3

BULGARIA

Yordanov Cited on SDS Action Against Democrats *[Sofia Radio]* 5
Army Chief Denies Supporting BSP Moratorium *[Sofia Radio]* 5

CZECH REPUBLIC

Havel: West's Approach to Bosnia Crisis 'Farce' *[Paris LE FIGARO 28 Jul]* 6
CSS, SDL To Cooperate in Local Elections *[LIDOVE NOVINY 27 Jul]* 7

SLOVAKIA

Freedom Party Joins DEUS-NDS Coalition *[Bratislava Radio]* 8
NDS, DU Discuss Coalition, Eventual Merger *[PRAVDA 25 Jul]* 8
Workers Party Appears on Preelection Stage *[MLADA FRONTA DNES, etc.]* 8
Cernak: HZDS Received Illegal Election Funds *[SME 25 Jul]* 9

HUNGARY

Defense Minister Lauds Slovakia Military Ties *[Bratislava Radio]* 11
New Approach To Solving Danube Dispute Urged *[NEPSZABADSAG 8 Jul]* 11
Horn Says No 1996 Expo Due to Lack of Funds *[Budapest Radio]* 12
Paper on Expected Changes in Positions, Personnel *[MAGYAR HIRLAP 5 Jul]* 12

POLAND

Poll Results on Scope of Presidential Powers *[NOWA EUROPA 28 Jul]* 14
UP's Bugaj on Party Situation, Elections *[ZYCIE WARSZAWY 29 Jul]* 14
Daily Views Foreign Investment, Cites Data *[NOWA EUROPA 28 Jul]* 16
Report on Expansion of Banks Into Former USSR *[NOWA EUROPA 29-31 Jul]* 18
Finance Minister Kolodko on Economic Policy *[SLOWO POLSKIE 19 Jul]* 19
Daily Examines Recent Privatization Conflict *[RZECZPOSPOLITA 28 Jul]* 20
Commission Debates Salary Growth Parameters *[NOWA EUROPA 29-31 Jul]* 22

ROMANIA

Iliescu, Bouvard Hold Joint News Conference *[DIMINEATA Supplement 23 Jul]* 23
Miners Rally at Rovinari; Head for Targu Jiu *[Bucharest Radio]* 28

BOSNIA-HERZEGOVINA

Pale Assembly Maintains Opposition to Peace Plan *[AFP]* 29
Serbs Issue Statement *[Belgrade Radio]* 29
Call Approval 'National Suicide' *[TANJUG Jul]* 30
Krajisnik Writes to Yeltsin *[AFP]* 31
Silajdzic Urges UN To Accept Responsibility *[Vienna TV]* 31
Sarajevo Radio Updates Overall Casualty Figures *[Sarajevo Radio]* 32
Army Suffers 'Heavy Casualties' on Mt. Vlasic *[TANJUG]* 32
Troops Return Fire After Shots Hit UN Vehicle *[Sarajevo Radio]* 32
Two French Marines Desert, Join Serbian Forces *[TANJUG]* 32
Mostar Croats Propose Division of City *[Zagreb Radio]* 32
Shortage of Medics Reported in Herceg-Bosna *[VJESNIK 13 Jul]* 33

CROATIA

Tudjman Remarks on Not Giving Up Occupied Areas *[TANJUG]* 34
Government Protests Grachev Visit to Serbs *[Zagreb Radio]* 34
Granic Views Butrus-Ghali's Letter on Blockades *[Zagreb Radio]* 34
Granic Receives Envoys of Contact Group Countries *[Zagreb Radio]* 34
Akashi Welcomes Steps Toward Lifting Blockade *[TANJUG]* 35
Serbs Report Croatian Troop Concentrations *[TANJUG]* 35
Valentic Holds Talks With Slovak Minister *[Zagreb Radio]* 35
Poll Notes Support for Parties, Confederation *[GLOBUS 29 Jul]* 35
Parliament Official on UNPROFOR Status *[NOVI LIST 24 Jul]* 36
'Disorder and Chaos' in Baranja, RSK *[VJESNIK 13 Jul]* 38
Veterans Seek Exemptions, More Rights *[VJESNIK 14 Jul]* 38
'Sin Tax' Levied on FERAL TRIBUNE *[VJESNIK 14 Jul]* 39

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

UN Envoy Mazowiecki Meets With Crvenkovski *[MILS-NEWS 29 Jul]* 40
Meets Ministers *[TANJUG]* 40
Foreign Minister on 'Very Useful' Visit to Egypt *[MILS-NEWS 29 Jul]* 40
Commentary on 'Undemocratic' Methods in Bulgaria *[NOVA MAKEDONIJA 28 Jul]* 40

YUGOSLAVIA

Federal

Government: UN War Crimes Tribunal Unwarranted *[TANJUG]* 42
Bosnian Serbs Should Be in Succession Group *[TANJUG]* 42
Simic on Bosnian Serbs, FRY Succession *[TANJUG]* 42
Central Bank Stops Financing State Budgets *[BORBA 25 Jul]* 42

Serbia

Greek Foreign Minister Meets With Milosevic *[Athens Radio]* 43
Contact Group Plan Discussed *[Belgrade Radio]* 44
Papoulias Departs Belgrade *[TANJUG]* 44
Parliament Rejects Bill on State-Run Radio, TV *[TANJUG]* 44
SPO Boycotts Assembly To Protest War Ambitions *[TANJUG]* 45

Contact Group Prepares for Third Geneva Meeting

LD2807110694 Belgrade TANJUG in English 1024 GMT 28 Jul 94

[Text] Geneva, July 28 (TANJUG)—"Contact Group" for Bosnia experts were Thursday preparing behind closed doors the third meeting of foreign ministers of its member countries at which, after a definitive reply by the Serbs, the fate of the group's proposal on Bosnia was to be decided.

The experts based their preparations on the results of the "Contact Group" meeting held in Moscow on Monday [25 July].

The "Contact Group" participating countries are the United States, Russia, Great Britain, France and Germany.

As learned unofficially, a compromise was reached in Moscow, but the details were kept secret. Throughout the debate in Moscow, the stumbling block between Russia and its Western partners was the question whether the reply of Bosnian Serbs should be taken as a "no" or should some of their basic requests be met.

The Serbs in Bosnia replied to the "Contact Group" proposal with a declaration which set out that the Bosnian Serb Republic parliament was not in a position to take a decision as it was not acquianted with all the elements of the proposed plan—primarily the constitutional arrangements, the question of Sarajevo's status, access to sea and lifting of the U.N. sanctions against the Federal Republic of Yugoslavia.

Swiss press wrote Thursday that considerable differences emerged in Moscow as regards stands towards requests for modification of the "Contact Group" plan as set out in the Bosnian Serb declaration.

Diplomatic circles in Geneva claim Russian Defense Minister Pavel Grachev, as a result of harmonizing stands in Moscow, has during talks in Belgrade with Bosnian Serb President Radovan Karadzic said that the Bosnian Serb Republic proposal it could join a confederation with the Federal Republic of Yugoslavia, but without leaving the Bosnian union, was possible. [sentence as received]

It is believed in Geneva this question was debated Wednesday night by the Bosnian Serb republic parliament at an emergency session. Also, well-informed sources in Geneva pointed out that intensive exchange of information between the "Contact Group" and Bosnian Serb authorities would continue.

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Government Questions Greek 'Contradictory' Stance

AU2807195394 Tirana TVSH Television Network in Albanian 1800 GMT 28 Jul 94

[Text] The spokesman for the Albanian Foreign Ministry has reported that Foreign Minister Alfred Serreqi met with Khristodhoulos Tsalikis, Greek ambassador in Tirana, at the latter's request today.

The Greek ambassador stressed, among other things, that at the order of Greek Foreign Minister Papoulias, he notified the Albanian side that Greece has agreed to grant Albania the European Union [EU] aid for the balance of payments in two installments—15 million ECU will be granted immediately, while 20 million ECU will be accorded after observing that Albania has progressed in the country's democratization and the defense of human rights.

German ambassador in Tirana Klaus Vollers today notified the Albanian Government that the Greek Government has again blocked the EU aid for Albania by postponing the decision on this question in the next meeting of the EU Foreign Ministers Council to be held in September this year.

Under these conditions, it is extremely difficult for the Albanian side to find an explanation for the contradictory stance maintained by official representatives of the Greek Government. It is also strange and absurd that the Greek Embassy in Tirana is not notified on the stances of its own government and is not informed properly and on time on issues that have to do with Albanian-Greek bilateral relations. It does not want to believe that these actions are inspired by an out-of-tune or intentional policy.

The Albanian Government has committed itself to democracy, human rights, and a law-governed state. The democratic processes in Albania can in no way be determined by the granting or not of 35 million ECU or by other conditions.

Appeals Court Upholds Nano's 12-Year Sentence

AU2907073994 Tirana TVSH Television Network in Albanian 1800 GMT 28 Jul 94

[Text] Today the Supreme Court of Appeals in Tirana reviewed the case of former Prime Minister Fatos Nano and Robert Gjini, the former secretary general of the Industry Ministry. Television correspondent Nezijat Hoxha was in court:

[Hoxha] This morning the Nano case came before the Supreme Court of Appeals in Tirana. Defendant Nano was represented by counsels Perparim Sanxhaku and Agim Tirana.

Judge Avni Shehu, chairman of the judicial body, first gave the floor to Attorney Sanxhaku, who expressed his views on the decisions made by the district and appeal courts, claiming a serious violation of penal procedures. Then attorney Agim Tirana read a statement by defendant Nano that the trial had been of a political and party nature. Attorneys Sanxhaku and Tirana demanded that the sentence for their client Fatos Nano be changed.

Roland Permeti, counsel for defendant Robert Gjini, then took the floor. He claimed that the two verdicts passed on his client were unjust. On behalf of the defense, he demanded that both verdicts and the civil indictment be declared null and void and defendant Robert Gjini released.

The court retired to consider the verdict and returned to the courtroom at 1330, at which time the chairman of the court announced that Verdict No. 174 dated 26 May 1994 remained in effect.

Former Communists Gather at Supreme Court

AU2907075294 Tirana TVSH Television Network in Albanian 1800 GMT 28 Jul 94

[Text] The spokesman for the Public Order Ministry has reported that, at approximately 1000 [0800 GMT] this morning, 200-300 former apparatchiks of the red communist dictatorship and state security officers gathered illegally in front of the Supreme Court of Appeals as a protest against the justice system.

By doing so, they seriously violated the authority and impartiality of the judicial administration. At the same time, they disturbed public order by blocking traffic and the movements of various citizens.

In order to disperse this illegal gathering, the police intervened immediately and escorted several persons to the commissariat. Eight former high-ranking state security officers were arrested, as well as Harilla Papajorgji, former member of the Party of Labor Central Committee, and Ilo Tasellari, former Tirana prosecutor. In addition to this, many more persons were fined.

The Tirana police warn that they will not allow illegal gatherings and protests against the justice system. They will take measures against anyone who violates the law.

Our information department at the studio has already received a letter of protest from the presidency of the General Managing Committee of the Socialist Party of Albania, which, among other things, considers the police intervention to be unjustified and brutal in that various citizens and employees of the party managing committee were seriously mistreated and escorted to police stations.

Court Orders KOHA JONE Assets Seized

AU2807123994 Tirana ALEANCA in Albanian 28 Jul 94 pp 1-2

[Unattributed report: "Protest by KOHA JONE Editor in Chief Aleksander Frangaj"]

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[Text] Yesterday, after dozens of incidents involving duress, accusations, attempts to close the newspaper, arrests, imprisonments, taxes higher than anywhere else, the seizure of equipment, and many other headaches, all the office contents and equipment of our newspaper were sequestered by order of Andi Celiku, deputy president at the Tirana Court. All the journalists and staff working to prepare today's issue were ejected from their workplace. According to the policeman conducting this operation, the reason for these seizures was a suit brought by the director of the First Newspaper Printing Works over the newspaper's failure to pay certain bills. The truth is that many of the bills for which the printing works demands payment have been paid by the newspaper at the bank in Lezhe, but have apparently still not been cleared by the Tirana bank. Some of the other bills are indeed unpaid as a result of delays in receiving payments from newspaper sales in the districts. It is absurd to sign an order to seize the contents of the office of Albania's largest newspaper in the knowledge that the unpaid sum is much smaller than the balance in bank accounts in the districts. The antique and rotten system of the state banks has apparently come to the aid of those who have such an ardent desire to see the bankruptcy of this newspaper, which has, for three years, confronted difficulties more extreme than any other newspaper in Europe can have faced.

Blerim Cela's long-standing wish has apparently not faded. However, fashions change and become more sophisticated. The state seems, at first sight, not to be involved in this game, but its influence is felt nevertheless. On the one hand, it is not answerable for the speed of the bank clearance of our money, but, on the other hand—for the printing works is state owned—it wants its bills paid fast. The court shows no hesitation and can find no other solution apart from setting a wax seal on the newspaper office doors. This is the best and most dastardly way to close newspapers.

However, Blerim's long-standing wish, as expressed this time by the Tirana Court, will again not be fulfilled in the way he wants. Despite the sealed offices and the lack of any of the assets necessary to prepare a newspaper, KOHA JONE will survive and will appear for its readers. It will go back to the premises of the Cupi Club, where it was prepared in Blerim Cela's difficult times. Perhaps the state has decided to increase the reputation of this newspaper still further among its many readers. This is a favor to us and gives us the strength and courage to publish the newspaper, even underground.

Former Prisoners Threaten Hunger Strike

AU2807123894 Tirana ALEANCA in Albanian 28 Jul 94 p 3

[Report by Ernest Tushe: "Former Victims of Political Persecution on the Verge of Hunger Strike"]

[Text] "I once again declare to the meeting that, if the 10 demands of our National Association are not met, we will bring down this government." These were the words of Mr. Kurt Kola, chairman of the Association of Former Victims of Political Persecution at the meeting at midday on Tuesday [25 Jul] with representatives of the current PD [Democratic Party] government, who were themselves persecuted under the Hoxha regime. Curiously, Mr. Pjeter Arbnori, one of the leading figures in Albanian politics, did not come to the meeting himself, but sent his representative, the minister and deputy [Labor, Emigration and Social Assistance Minister] Dashamir Shehi.

According to Mr. Kola, the meeting took place in an atmosphere of great tension. "From the start, I asked that journalists should take part in the meeting, but the other side did not agree and demanded that the meeting should take place behind closed doors," Mr. Kola said. This fact was confirmed by the television, which stated in its Tuesday news bulletins that the meeting took place behind closed doors, yet astonishingly showed film sequences from the meeting as well as a television journalist's interview with Minister Ypi. "One of our basic demands is that all those shot for political reasons under the Hoxha regime should be considered as having served 25 years in prison. This was opposed by the other side, which demanded that the families of those shot should receive a mere 200,000 leks in compensation. This seems strange to our association, and we will not allow the families of those who were murdered to receive such a ridiculous sum in compensation." Meanwhile, for Mr. Skender Tufa, former hunger striker and victim of political persecution, the points raised in the association's declaration do not meet the immediate demands of the former prisoners and relatives of those shot. "Fulfilling these demands would mean talking openly about housing and legally recognizing compensation for former political prisoners from the day when the Albanian parliament declared them to be innocent. In this compensation, the former prisoners' unpaid labor in concentration camps would be recognized, and they would also be given the share of the national wealth that belongs to them," Mr. Tufa said.

One of the problems emerging at the meeting was privatization. The noisy declarations by today's government that privatization would be completed by 1996 are familiar. However, the members of the government said frankly at the meeting that there is no way that privatization can be completed by this date. At the same time, the problem that the state cannot compensate the former prisoners for the simple fact that it has no money for this purpose also came out at the meeting. "At this meeting," Mr. Kola said, "some of the former victims of persecution who are included in the government made serious efforts to solve the problems we put forward, especially to find a way of guaranteeing the bonds that will be given to us, but they did not agree to the time limit for which these bonds would be guaranteed." As we know, one of the demands of the former political prisoners is that these bonds should be converted into cash if they cannot be used before the end of 1996.

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As is clear from what Association Chairman Kurt Kola said, the first meeting came to an end without an agreement of any kind. Mr. Kola says, "From the moment that meeting ended, the association has no longer considered the other side as their fellow-sufferers, but as power-hungry rulers." The association will finally start a hunger strike on 5 August, but this does not mean that it will not welcome dialogue with the government. "We will be faithful to the 10 points published in our declaration," Mr. Kola concluded.

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Yordanov Cited on SDS Action Against Democrats

AU2807183994 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 28 Jul 94

[Text] In an interview for the "Khorizont" program of Bulgarian National Radio, Filip Dimitrov, chairman of the National Coordinating Council of the SDS [Union of Democratic Forces], described as harmful the attempts to disorganize the SDS. In his view, the blue [SDS] coalition should concentrate its efforts in one specific direction, which was to bring about early parliamentary elections. According to Mr. Dimitrov, elections will be held in the autumn, and the SDS National Coordinating Council must organize them in such a way as to ensure that the SDS wins. The dissension within the SDS parliamentary group may significantly reduce this possibility and help the forces that do not want early elections, Filip Dimitrov added.

In connection with yesterday's statement by the SDS parliamentary group, National Assembly Chairman Aleksandur Yordanov, who returned today from a private visit to Italy, said to our correspondent that he has always opposed the boycott of parliament and that, following this decision by the parliamentary group, he is ready to enter the plenary hall of parliament. Mr. Yordanov described as stupid the National Coordinating Council's decision to freeze the membership of the Democratic Party, and further added that no one can imagine Stefan Savov or Zlatka Ruseva outside the SDS. The National Assembly chairman also said that he had not expected the affair to reach the stage of freezing the Democratic Party's membership in the National Coordinating Council and that, had anyone told him this was likely to happen, he would never for the world have been outside the country precisely at such a moment because he would have tried to prevent it.

Army Chief Denies Supporting BSP Moratorium

AU2807173794 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 28 Jul 94

[Text] Army General Lyuben Petrov, chief of the Bulgarian Army General Staff, had a meeting with the parliamentary group of the Rights and Freedoms Movement [DPS] today. National Assembly Deputy Petko Ginev of the Assembly for Democracy, who also attended the meeting, said that Gen. Petrov promised the deputies that he would support the moratorium that the BSP [Bulgarian Socialist Party] proposed on the pensioning off of Army officers. Lyuben Petrov categorically denied this.

A deputy from the DPS parliamentary group said that last night Defense Minister Valentin Aleksandrov paid a short visit to the DPS parliamentary group and declared that he would resign if they supported the moratorium. However, according to DPS spokesman Yunal Lyutfi, the official information is as follows: The chief of the General Staff informed the deputies about the General Staff's views on the Defense and Armed Forces Bill.

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Havel: West's Approach to Bosnia Crisis 'Farce'

BR2807152094 Paris LE FIGARO in French 28 Jul 94 p 4

[Interview with Czech Republic President Vaclav Havel by Jacques Rupnik; place and date not given: "Vaclav Havel: Bosnia Negotiations Are a Farce"]

[Text] *In the latest issue of POLITIQUE INTERNATIONALE magazine, the head of the Czech Republic takes stock of the situation after the fall of communism. He is highly critical of the West, which has proved unable to defuse the threats facing Central Europe. Here are excerpts of the interview pertaining to the situation in Bosnia.*

[Rupnik] Central European states fear the destabilizing impact of the conflict in the Balkans. What is your analysis of the situation there?

[Havel] Even while negotiations are being conducted in Geneva and elsewhere, military leaders are endlessly redrawing maps according to battles won in the field and the progress of "ethnic cleansing." And this in a country—it must be emphasized—that is a member of the United Nations! Yet the West, which thinks that peace can be achieved through a compromise between those warlords and their maps, deals with them with utter earnestness... What a farce!

As Czechs, we are especially susceptible to the absurdity of the situation. We have kept in our memory the image of Hitler, who also toyed with European frontiers—at our expense—with the agreement of Western democracies. The latter said at the time that they were acting toward peace. But in what respect did they achieve their aim? They did not prevent war, and it took place in such a context that the price to pay was truly hideous. Yet the West could have spared itself much grief had it remained firm and true to its commitments.

Europe's conduct with respect to the Bosnian crisis is strongly redolent of the "spirit of Munich" [1938 agreement, according to which France and Great Britain let Hitler's Germany annex part of Czechoslovakia in the hope of preventing a war], a natural bent of democracies that threaten their very existence.

Last winter, it seemed that the international community might show some determination. Then, as if scared by its own nerve, it reverted to dillydallying. In the aftermath of the Serbian offensive against Gorazde, some people did not hesitate to suggest gradually dropping the embargo against Serbia and Montenegro. With such thinking, we shall end up setting out the following rule: "The more warlike a party, the more intent on 'ethnic cleansing,' the more regard and consideration should be given to its claims..."

[Rupnik] What, for you as for the whole of Europe, is the meaning of the partition of Bosnia and the notion that internationally recognized frontiers can be altered according to ethnic criteria?

[Havel] I definitely believe that what has been happening in the former Yugoslavia is not a mere quarrel between a few local ethnic groups. On the contrary, at stake here are the very values underpinning Europe. The whole integration process taking place in West Europe is based on a concept of citizenship, the nation, the state, and civil society. It is the notion of peaceful coexistence of people with various ethnic, religious, and cultural backgrounds. Accepting the existence of an "ethnically pure" state is nothing short of an absolute denial of those fundamental values that Europe was built on. The latter's fluctuations are made all the more dangerous by the fact that its leaders do not appear to be aware of this!

[Rupnik] Might this crisis not create a dangerous precedent? If Europe acknowledges today that its frontiers may be altered by force, how can it be sure that tomorrow other parties will not also reject the status quo? I have in mind the Balkans, Central Europe, and, above all, the former USSR, with 25 million Russians living outside the Federation....

[Havel] This is a very real danger. When Czechoslovakia broke up in late 1992, some people already saw the situation in Yugoslavia as evidence that the time had come to redraw the European map. Not the most convincing argument...

However, there is another danger: If we do not put an end to the conflict in the former Yugoslavia, if it is allowed to seethe for months or even years, it will spread to other states and create new spheres of influence. Thus, there will be a German-dominated "Western" zone with ties to Croatia, a "Russian" zone with ties to Serbia, and a "Muslim" zone open to the Islamic world. Right now, these are only trends. But, if we do nothing about it, this may ultimately trigger a serious confrontation.

[Rupnik] Russia has begun reasserting its interests in the Balkans. Its influence is deemed beneficial by the West inasmuch as it made possible a number of Serb concessions. I would like to know what you think of the situation in Russia. How can we thwart potential pressures from Moscow over what it terms its "near abroad"?

[Havel] Georgian President Eduard Shevardnadze recently mentioned an interesting idea. According to him, the Commonwealth of Independent States (CIS) must be seen not as a tool Russia wields to achieve dominance in the region but as a way to keep Moscow in line—hence the need to help this organization strengthen its internal cohesion.

Indeed, this is no secret: The end of a bipolar world and the collapse of the huge Soviet empire are perceived by the Russian people, communist or not, as a defeat, a veritable trauma. Faced with a transition infinitely more painful than it has been here, the battered Russian

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psyche is looking for solace. Some politicians are keen to give it a new sense of pride, which, in fact, is a sham. Instead of basing Russia's authority on a process of internal changes and a peaceful foreign policy, they want to achieve it by using force.

CSS, SDL To Cooperate in Local Elections

AU2907073894 Prague LIDOVE NOVINY in Czech 27 Jul 94 p 3

[CTK report: "The Czechoslovak Socialist Party Has Responded to the Offer of the Party of the Democratic Left"]

[Text] Prague—The Czechoslovak Socialist Party (CSS) is the first political entity to respond positively to the appeal by the Party of the Democratic Left (SDL) to cooperate in the local elections. This announcement was made at a news conference held yesterday by the SDL's Zdenek Masopust and CSS Chairman Milan Adam. Masopust added that the SDL had made appeals for similar cooperation to 17 political parties and movements, including the Left Bloc, the Association for the Republic-Republican Party of Czechoslovakia, the Communist Party of Bohemia and Moravia, the Christian Democratic Union-Czechoslovak People's Party, the Czech Social Democratic Party, the Party of the Moravian Countryside, and others. According to Masopust, the differences in these parties' programs and views should not prevent them from cooperating. A possible "agreement" between parties does not mean forming a coalition or merging in the center but merely cooperation at a local level. This cooperation could then manifest itself, for example, in joint lists of candidates, joint financing of the campaign, or eventual collaboration in the representative bodies, added Z. Masopust.

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Freedom Party Joins DEUS-NDS Coalition

LD2807163894 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1300 GMT 28 Jul 94

[Text] In Bratislava today, Milan Knazko, the first deputy chairman of the Democratic Union of Slovakia [DEUS], and Silvester Minarovic, the chairman of the Freedom Party [Strana Slobody], signed an agreement on mutual cooperation in preparation for and during the course of the parliamentary and local elections. Under the agreement, DEUS offered the Freedom Party places on its list of candidates.

Milan Knazko told TA SR in connection with this that the public will find out about the order of candidates from DEUS, the National Democratic Party [NDS], and the Freedom Party on the DEUS candidate list on 1 August.

NDS, DU Discuss Coalition, Eventual Merger

AU2807123694 Bratislava PRAVDA in Slovak 25 Jul 94 p 2

[Report on interview with Ludovit Cernak, chairman of the National Democratic Party-New Alternative, NDS, and Milan Knazko, first deputy chairman of the Democratic Union of Slovakia, DU, by Martin Krno in Levice; date not given: "The Baby Is on the Way"]

[Text] The preamble of the agreement on election cooperation signed by representatives of the Democratic Union of Slovakia [DU] and the National Democratic Party-New Alternative [NDS] states, among other things, that, because of the proximity of their stated objectives and orientation, both entities expect a merger into a single party. In Levice, we asked two questions of NDS Chairman Ludovit Cernak and DU First Deputy Chairman Milan Knazko: What dowry are you bringing to the marriage, and how do you imagine the actual process of the merger of your parties into a single political entity?

[Cernak] We supply working district structures, which continue to develop fast. They have reached even small towns and larger villages, and, eventually, we want to come to even the smallest communities. We also provide a strong regional program. On the other hand, we would like to lean on the experience of the DU representatives in working in government posts and their positive steps. At the same time, we want to avoid the mistakes made by the government of Jozef Moravcik and the ministers of the center. By means of the merger, we want to create a party that will not play second fiddle on the Slovak political scene.

After a detailed analysis of the development, the NDS Central Council confirmed the political orientation outlined by the Executive Committee. It is necessary to take such steps as would bring our entities together and lead to a merger after the elections. Anyone who can suppress the personal or particular interests on the regional level must understand that there is no room for miniparties in Slovakia and that the time of integration should follow the shaping of views. We have discussed a joint approach in both parliamentary and local elections with the DU representatives. After the elections, there will be room for political talks and for calling congresses to comment on the idea of founding a single entity. I, personally, will advocate a schedule that would lead to a final decision before the end of the year.

[Knazko] Our marriage is necessary because the baby is on the way. That is, if we consider the baby to be the parliamentary elections, the common goal of stabilizing the social situation, and the wish that the politics right of the center has the importance that is its due. We have not discussed the dowry. It will be more like a wedding shower for the couple so that we manage to create the structure, the material basis, and prepare ourselves for the elections. It will come out who is hiding what trumps and where, but what is important is that we harmonize our activities equally throughout Slovakia, penetrate even the small towns and villages, and bring to the general public politics that bring accord, cooperation, and qualification.

We will create a joint commission to prepare a concept for a gradual bringing together of our parties that culminates in a merger assembly. I believe that, in just a few months after the elections, there will be only one party. I am not certain whether we can make it before the local elections. It will depend on how we manage to organize the district assemblies and then a joint republic congress. There is no need to hurry, but the process should not be artificially delayed, either. I estimate it at three to seven months after the parliamentary elections.

Workers Party Appears on Preelection Stage

94P21017A

[Editorial Report] A recent article in the independent Czech daily MLADA FRONTA DNES assessed the likelihood of a political alliance between former Prime Minister Vladimir Meciar's Movement for a Democratic Slovakia (HZDS) and the new Association of the Workers of Slovakia (ZRS), while ZRS leader Jan Luptak discussed his party's political position and its attitude toward other parties in an interview with the Bratislava weekly SLOBODNY PIATOK.

Karol Wolf, MLADA FRONTA DNES's Bratislava correspondent, devoted a 9 July article to Meciar's prospects in the coming parliamentary election. Wolf argued that, as far as Meciar's election strategy was concerned, the HZDS leader, "with great probability," was planning an alliance with the ZRS, which the author said enjoys the support of 6.8 percent of voters. Wolf contended that ZRS Chairman Luptak is "surrounded by a group of politicians who are Meciar's men" and who are trying to "exploit 'the worker image' of Luptak" and attract "as many Party of the Democratic Left (SDL) [the former

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Communist Party of Slovakia] potential voters as possible" to Meciar's side. Wolf's argument seems at least partially born out by statements made by Luptak in a 21 July SLOBODNY PIATOK interview. Luptak, while not directly committing himself and his party to a coalition with Meciar, nevertheless indicated that he would aim his election campaign primarily at the Slovak working class and would strive to ensure that its representatives "gain entry into the parliament in order to be able to take into their own hands the defense of their interests." Luptak also made it clear that, in his view, these interests were at odds with the economic and social ideas of the present Slovak Government, even though the government includes the SDL, his own party until last March.

Luptak emphasized what he called "the betrayal" of the Slovak workers by both the communists and the leaders of the Velvet Revolution. He accused both of alienating the workers by not delivering on their promises. The communists, he said, "claimed for 40 years that this state was ruled by the workers, but, in reality, workers exerted no influence on the state's government." Not much, he insisted, had changed since the 1989 November revolution. While "we expected that now, finally, the people's voices would be heard...we were badly deceived.... Mr. Havel double-crossed us with his talk about unemployment and lowered living standards being nothing but communist propaganda and [by telling us] that nothing but prosperity was coming. What we lived to see was exactly its opposite." After 1989, Luptak complained, "all political parties actually betrayed the workers, nobody has shown any concern about workers being thrown out of work; their fate is of no interest to them." It is this widespread political indifference that makes it "imperative" for workers to use the elections as an instrument for improving their lot.

Luptak indicated that the ZRS election program would contain two steps to alleviate unemployment and stagnation. First, it would stabilize living standards by requiring the government to regulate and slow down the process of privatization. "You can't," he said, "restructure overnight a system that had been in existence for 40 years." After all, "in the West, they've had a market economy for the past 200 years, and they are still having serious problems with it, problems that have to be solved by the government." Second, the program would call for "revitalizing the economy" by trying to recapture "the lost markets in the East" and by resorting, whenever possible, "to barter trade."

These steps, Luptak added, should be coordinated with certain political decisions, particularly those that ask for "reversing some processes in our society," such as preparing for entry into NATO and the European Union. "Let the people decide," insisted Luptak. "We are committed in our electoral program to look into this.... Our [current] politicians talk about our wanting to join the EU, but nobody is telling the ordinary citizen what kind of consequences this is bound to have. Let them tell the nation how much this is going to cost us, and then let us vote on it."

Luptak's only mention of Vladimir Meciar's name was in a warning to politicians who disregard and neglect the concerns of working people: "All those who have already written off the working class are making a great mistake. Our workers gave power to the Communist Party of Czechoslovakia and then took it away from it. Workers have given power to Vladimir Meciar, and, if he fails to take care of their interests, they will also take it away from him. This is the truth that all of our politicians should keep in mind."

Cernak: HZDS Received Illegal Election Funds

AU2907073794 Bratislava SME in Slovak 25 Jul 94 pp 1-2

[Interview with Ludovit Cernak, National Democratic Party-New Alternative chairman, by Jana Pankovcinova and Ivan Stulajter; place and date not given: "Will There Be Illegal Funds Behind the Movement for a Democratic Slovakia's Election Expenditures?"]

[Text] [SME] You wrote an article for SLOBODNY PIATOK this April in which you asked a rhetorical question: "Why does Mr. Meciar declare that his hands are clean and that only he is a guarantor of justice if he has a registered company in Austria and has not yet paid his election debts?" In this connection, you said soon afterwards to SME that Mrs. A. Nagyova and Mr. I. Lexa, as co-owners of this firm in Austria, could give us a more specific answer. Nagyova and Lexa announced through TA SR that they would submit a libel complaint against you with the Municipal Court in Bratislava. Have the initial court proceedings already taken place?

[Cernak] Because I have not yet received any official information that such a complaint exists, I am forced to stick to the advice of my lawyer and say nothing. I can only reconfirm that, as opposed to certain other politicians, all my public statements are true.

[SME] Can you submit evidence to the court that your statements are true?

[Cernak] Yes.

[SME] You also told SME that "anyone who won the previous elections on state money cannot have clean hands." At the same time, you conceded that you were speaking partly from your own experience. Could you be more specific?

[Cernak] I used the word "partly" because, as the former director of the SNP [Slovak National Uprising] Plants state enterprise in Ziar nad Hronom, Mr. Meciar asked me personally, and through Mrs. Nagyova, for financial support for the Movement for a Democratic Slovakia [HZDS] before the 1992 elections.

[SME] What kind of financial support?

[Cernak] They asked me specifically to purchase, on behalf of the enterprise, two vehicles—a Volkswagen

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Passat and a Volkswagen minibus—that would immediately afterwards be lent long-term and free of charge to the HZDS.

[SME] What did V. Meciar promise you in return for this "trade"?

[Cernak] Nothing specifically because, at that time, I was a member of the shadow cabinet. Meciar expected unreserved support from its members.

[SME] Is it possible for a state enterprise to support a political entity legally?

[Cernak] Theoretically, this is possible, but I do not think the management of any enterprise would dare to support a political party openly. An official loan, for example, would have to be made or a gift from the enterprise's profits. I do not know that such a legal form would be used in a state enterprise. It would more likely resort to various covert forms.

[SME] How, then, are the illegal forms of support for political parties viewed by the enterprises?

[Cernak] There is only one theoretical and practical illegal form of support: A company manages its affairs in such a way that it can create illegal funds that are not rendered in its accounts. Anyone monitoring even just a little the activities of the political parties and movements must detect that the HZDS conducts itself financially the most discreetly.

[SME] Do you mean by this the claim by J. Carnogursky that the HZDS intends to invest about 66 million korunas [Sk] in the election campaign?

[Cernak] Apart from the HZDS's anticipated expenditure on the elections, whose authenticity is almost 100 percent, it is necessary to add to this the almost 100 managers at the HZDS's headquarters making about Sk20,000 per month, its leaders' travel costs, and the subsidies for the districts. This way, we reach a sum of about Sk130-150 million. If the laconic statement by HZDS Chairman V. Meciar were true, that "the people have supported us," this would mean, given the current legislation, that 15,000 entities have each donated Sk10,000 to the HZDS.

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Defense Minister Lauds Slovakia Military Ties

LD2807125594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 28 Jul 94

[Text] Gyoergy Keleti, the defense minister of the Hungarian Republic, held an international news conference in Budapest yesterday. He spoke about the defense policy of the new Hungarian Government, the planned reforms in the Army, and Hungarian participation in the Partnership for Peace program. Afterward, Gyoergy Keleti granted an interview to our correspondent, Gregor Martin Papucsek, about Slovak-Hungarian military cooperation and the role of these ministries in the formation of relations between states.

[Begin recording] [Papucsek] By way of introduction Gyoergy Keleti noted that last Saturday he had been to Bratislava to introduce himself. He and his Slovak counterpart, Pavol Kanis, had already agreed on future steps to reinforce trust between our countries. This refers to an agreement concerning airspace, in particular in eastern Slovakia and northeastern Hungary, where military aircraft frequently cross the border. The agreement will state that such incidents will not be classified as airspace violations. Gyoergy Keleti said in this context that experts from Slovakia would soon be going to Hungary to prepare the international legal side of this agreement. The minister expressed the hope that he would be able to put the agreement before the Hungarian Parliament for approval by autumn.

Gyoergy Keleti expressed appreciation for the invitation to a consultation session of the Visegrad Four ministers on the harmonization of steps within the framework of Partnership for Peace. He added that in September, also within the framework of Partnership for Peace, Hungary would hold a forum on military-industrial cooperation. It is a well-known fact that certain special production takes place in Slovakia, and in particular the purchase of certain parts would be attractive for us, added the Hungarian minister, who would also like to increase cooperation at the level of soldiers within the framework of the open barracks program.

[Keleti, in Hungarian fading to Slovak translation] I think that in relations between two countries military cooperation is extremely important. I hope that the Slovak-Hungarian basic treaty will be ready as soon as possible. The existing military relations should be an essential constituent thereof, Gyoergy Keleti said.

[Papucsek] Regarding borders, he said they ought to be made more open [zpriechodnit]. The Hungarian side does not question the border, but it expressed the wish that there be fewer references to the fact that its course was once different and would also like there not to be forces in either country that would like to change the existing border. In this region guaranteeing security is the task of foreign policy and not the armed forces. Diplomacy can do the most for peace, because the army has its say only when peace comes to an end, Hungarian Defense Minister Gyoergy Keleti said in an interview for Slovak Radio. [end recording]

New Approach To Solving Danube Dispute Urged

94CH0349A Budapest NEPSZABADSAG in Hungarian 8 Jul 94 p 3

[Article by Tibor Kis: "Gabcikovo Concrete"]

[Text] The Szigetkoz is parched, but the indications are that ever fewer people are heeding the suffering region's sighs. Perhaps because not much can be done under the current conditions to remedy this region's grievance. In the matter of Bos Gabcikovo, Hungarian diplomacy and the Hungarian National Assembly in particular have succeeded in maneuvering themselves into a dead end where they have no scope of any significance to either advance or retreat. Momentarily, from Hungary's point of view, the situation seems practically hopeless: The Hague is still far off; moreover, the court's decision presumably will be in the nature of a compromise. Consequently, it is an illusion to hope that the status quo ante can be restored on the Danube. But even the talks on a temporary sharing of water have bogged down; for months now, the government in Pozsony has systematically been turning a deaf ear to advice from Brussels.

All this would nevertheless be a thin excuse for shifting all the blame for the increasingly apparent Bos fiasco solely on the Slovak Government. If for no other reason, already because what to us might seem a bankrupt estate could very well appear as a success story when viewed from the other side of the Danube. Of course, the Slovak Government can and must be reproached for handling the entire river barrage affair up to now in a manner that has not really been good-neighborly. On the other hand, it is also true that some of the Hungarian actions could hardly have motivated Slovakia to behave as a good neighbor. For years, the Hungarian Government and the Hungarian National Assembly stubbornly kept reiterating their own standpoint, until the possibility of a bilateral agreement shrank to a minimum. Today a mutual deal could be struck only on a very few issues, but not on a general settlement—that is now up to The Hague. The Slovak Government, of course, would like to move from the present impasse toward a separate comprehensive agreement, but it is obvious that the new Hungarian cabinet is unlikely to oblige, for reasons that are readily understandable. As the only conceivable basis for such a settlement, Hungary would have to give its blessings to the Danube's diversion. If the social-liberal coalition were willing to agree to this, it could claim the international grand prize for pragmatism. But what would it say when accused of having "sold the Danube"? If matters develop in that direction, it would certainly be better to let The Hague bring the verdict.

Aside from all that, of course, there still are issues that could be negotiated with the Slovak Government. By no means the least among them is the problem of recharging the ground water in the Szigetkoz. After all, it was

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Slovakia that created this problem. Under the current conditions, however, even such negotiations would be difficult to imagine. For the truth is that the Hungarian Government's hands are practically tied. Should Gyula Horn decide, during his planned visit to Pozsony, to raise the question of water sharing, he would immediately come into conflict with the ominous Szigetkoz resolution adopted by the previous National Assembly. The resolution bears the imprint of the previous National Assembly's radicals. It prohibits the government to even consider any solution other than pumping (which would be expensive, foul-smelling, and probably inefficient). And it also rules out the operation of the Dunakiliti locks, which could have been the government's only serious trump card in the negotiations.

Practically without exception, all the "Jacobins of Bos" have been defeated in the May elections, but their handiwork lives on. In a few months from now, of course, all this will be of no practical significance. For if the structures of version C-2, the latest "paper tiger," are really completed on the Slovak side, then Dunakiliti will have ceased to be a trump card, and all the technical keys to the barrage will be firmly in Slovakia's control.

Perhaps we ought to do something to prevent this, while we still can. The time to seize the last chance is now. If the new National Assembly, too, misses this (admittedly slim) chance, the Szigetkoz will remain parched for a long time. And Hungarian opportunities to influence construction in Bos will be buried for good under the concrete colossus on the Danube.

Horn Says No 1996 Expo Due to Lack of Funds

LD2807164494 Budapest Kossuth Radio Network in Hungarian 1500 GMT 28 Jul 94

[Text] The Hungarian Government has decided not to stage a 1996 World Expo in Budapest. The government will submit to parliament the proposal for a final decision. Prime Minister Gyula Horn said at a press briefing that the budget is not in a situation to face the extra burden of 50-60 billion forints, because only one-third of the expo expenses at most, which would amount to 100 billion forints, would be recouped.

Paper on Expected Changes in Positions, Personnel

94CH0349B Budapest MAGYAR HIRLAP in Hungarian 5 Jul 94 p 4

[Unattributed article: "There Will Be Even More Personnel Changes"]

[Text] In addition to the ministers and state secretaries, there will be changes in a good many other positions as well. Our reporters investigated in which of the more important positions we can expect additional personnel changes.

Getting Acquainted With the Chief of the General Staff's Actions

Gyorgy Keleti, the defense minister-designate, told our reporter that earlier the MSZP [Hungarian Socialist Party] and the SZDSZ [Alliance of Free Democrats] had not gathered comments and attempted to reach agreement on the person of the chief of the General Staff-commander of the Hungarian Defense Force. And neither governing party had reservations when Lieutenant General Janos Deak had been appointed on 3 March of this year.

Keleti explained that authority to appoint and dismiss the Chief of the General Staff was vested in the president of the Republic as supreme commander of the Hungarian Defense Force. Therefore Keleti would definitely have to consult with Arpad Goncz in conjunction with Keleti's possible intention of having the chief of the General Staff-commander of the Hungarian Defense Force replaced. The minister-designate added that he as minister would have the opportunity to become acquainted with, respectively, Janos Deak's actions as commander, his ideas regarding the future, and the state of the Hungarian Defense Force. Thereafter Keleti would be in a better position to consider responsibly the question of Janos Deak's replacement.

Commissions That Have Two More Years To Run

Parliament had elected the chief justice of the Supreme Court and the prosecutor general to six-year terms, in the summer of 1990. The obvious political reason behind this was to separate also in this manner the Judicial Branch from the Executive Branch of government. Thus there is very little likelihood of a change in the persons of these two constitutional dignitaries now, together with the change of government. According to the Constitution, the National Assembly elects the chief justice by a two-thirds vote; and the prosecutor general, by a simple majority.

In conjunction with the series of interpellations addressed to the prosecutor general, the question was raised of how he could be recalled. However, the regulations on this are not sufficiently precise, and any possible intention of replacing him could raise problems of constitutional law. But questions cannot be put in the National Assembly to the chief justice of the Supreme Court, and he is not accountable to Parliament. Thus he could be impeached only exceptionally. If he committed a crime, for instance.

The president of the Republic appoints the deputies of, respectively, the Supreme Court's chief justice and the prosecutor general, on their recommendation. Thus replacement of the deputies could be expected only with the support of the aforementioned constitutional dignitaries.

From Republic's Guard Regiment to Military Security Office?

Bela Katona, the minister-designate without portfolio who will be overseeing the civilian intelligence services,

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told us that no changes can be expected at the top of the National Security Office or of the National Information Office. However, the possibility of changes at the top of, respectively, the Military Security Office and the Military Information Office was not excluded. According to some reports, Istvan Sabjanincs is expected to get the former post. At present he is commander of the Republic's Guard Regiment at the ORFK [National Police Headquarters]. Sabjanincs's departure would not be surprising because previously he had worked in military counterintelligence. At the same time, some people do not regard him suitable for his present position, partially because of the attack at the Parliament Building.

Possible Personnel Changes in the Police Forces

According to statements made earlier by Gabor Kuncze, the interior minister-designate, he is not planning any changes in the top echelon of the police forces. But some people are of the opinion that this is merely a temporary moratorium, and therefore there might be personnel changes after all, by the autumn at the latest, at the ORFK and, within the Ministry of the Interior, in the main department that oversees the police forces. Personnel change in the aforementioned main department might be combined with an organizational change as well: it is being rumored that a new head of that main department, reporting directly to the interior minister and of substantially higher rank than the present head, would be the direct link between the minister and the police forces. Some members of the present top echelon at the ORFK could also come into consideration for this post. But no change can be expected at the Border Guards, which are also under the Interior Ministry. In other words, Major General Balazs Novaki will remain commander of the Border Guards.

What Will Become of the Regional Prefects?

The regional prefects' legal status is expected to change: their rank of titular state secretary will be abolished; and central-government (Interior Ministry) extensions are to be established in each county, to replace the regions or rather the offices of the regional prefects. If parliament passes the bill amending the Law on Local Government and the related statutory regulations, the institution of regional prefect will cease automatically. In that case, according to the Law on the Legal Status of State Secretaries, it will be necessary to initiate the titular state secretaries' dismissal, who of course will be entitled to severance pay. By law, the regional prefects cannot be forced to accept positions of lower rank. Thus they could be appointed only with their own consent to head the extensions in the counties, assuming that the new government wanted to appoint them.

Every decentralization is more expensive than centralization. Therefore it will be worthwhile to stop and think through how the 1-billion-forint combined total annual budget of the eight regional prefects' offices could be stretched to cover the combined total budget of the extensions in 19 counties. Pal Kara, deputy state secretary at the Interior Ministry, called attention to all this at his news conference in Debrecen yesterday. Here an audit was held of the Office of the Regional Prefect for Hajdu-Bihar and Szabolcs-Szatmar-Bereg Counties. According to the results of the audit, Kara said, this office was the best organized and best managed institution of its kind in the entire country.

Responding to our question, Regional Prefect Pal Viragh said that neither he nor members of his staff had begun to worry about their own future, because of the change of government. After all, their duty was to maintain the continuity and tranquillity of public administration. As the titular state secretary pointed out, his commission will expire on 3 August 1995. Pal Kara added to all this that democracies have already become accustomed to the replacement of a part of the administrative apparatus with each new government. This will be a novelty only in our country. The essential thing, Kara said, is that personnel changes occur in the interest of the citizens and of professional work of high quality. In other words, that competent and experienced officials be able to remain in office.

When we interviewed Sandor Skultety, the regional prefect for Jasz-Nagykun-Szolnok, Pest, and Nograd Counties, he said the president of the Republic appointed him, and only the president had authority to dismiss him. Nothing like that had ever happened before. Therefore he was not worrying about the problem, and was concentrating instead on his official duties. Existing laws would have to be amended in order to change the system of regional prefects. The essential thing was how they did their work, and not what they were called, Sandor Skultety felt. He was not losing any sleep over his job, he added, because he could always return to his previous job.

The office managers of several regional prefects said that all they knew about the expected changes was what had appeared in the press or what had been included in the coalition talks.

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Poll Results on Scope of Presidential Powers

WS2807120694 Warsaw NOWA EUROPA in Polish 28 Jul 94 p 2

[Article by Monika Sarnecka: "How Much Power to the President?; The Head of State's Powers in the View of Society and in Constitutional Drafts"]

[Excerpt] *The presidential elections will take place in the fall of 1995. It is not known what kind of powers the future head of state will have, so it is not known what kind of powers the candidates in the race will be seeking. According to assurances made by Aleksander Kwasniewski, chairman of the National Assembly's Constitutional Commission, the new constitution, in which the presidential powers are to be outlined, is to take effect next spring. Each of the six drafts submitted to the commission, which will be the basis of preparations for the new constitution, redefines the presidential powers. Will the powers remain the same, will they be increased, or will they be decreased?*

Some poll results collected by the Public Opinion Research Center [CBOS] last month indicate that, after the past six months, slightly more Poles are in favor of strengthening presidential powers. In CBOS's view, this is largely a result of decreasing social support for a strong government position, rather than being a result of society's willingness to widen the head of state's powers. Also, society's position on the president is largely determined by a favorable attitude toward Aleksander Kwasniewski, a leader of the Democratic Left Alliance, who, ever since the last parliamentary elections, in 1993, has been holding the number-one position on the list of candidates for the state's supreme post. That social support for Kwasniewski, however, is accompanied by a conviction of the need to restrict presidential prerogatives. Supporters of Lech Walesa, on the other hand, would like his position to be strengthened.

Thirty percent of Polish people think the current scope of presidential powers is correct, 27 percent say the scope is too small, and another 25 percent think it is too wide.

The view prevails, however, that the prerogatives of the head of state should be equally divided between the president and the government. Fewer people would be willing to grant the government more power. The idea of the president's supremacy over the executive authority is much less popular.

According to 83 percent of CBOS respondents, representing the country should be the main task of the head of state. Almost 50 percent of respondents would give the president a right to supervise government measures, 8 percent would be happy to see the president in charge of the Army, and 6 percent would like to see him direct the police and the Office of State Protection. [passage omitted]

UP's Bugaj on Party Situation, Elections

WS2907120094 Warsaw ZYCIE WARSZAWY in Polish 29 Jul 94 p 4

[Interview with Union of Labor Chairman Ryszard Bugaj by Robert Krasowski and Igor Zalewski; place and date not given: "Kuron Is Neither on the Left nor on the Right; He Is From Zoliborz"]

[Text] [ZYCIE WARSZAWY] After the self-governmental elections, one can hear opinions that the only left wing is the postcommunist left wing. People say your party has no chance.

[Bugaj] Of course, I have no guarantee that in Poland a situation will develop similar to the one in Hungary, where there is the right wing, which stemmed from the opposition, and postcommunists are monopolizing the left side of the spectrum.

It is extremely difficult to construct a party from scratch if it has not stemmed from being in power. Now all of the parties in Poland except the Confederation for an Independent Poland and ours have been established in such a way.

We tried to build a party from below, a party with a clearly defined idea, which was the starting point. Now I am learning to be humble. I knew it would be difficult, but I did not realize just how difficult.

[ZYCIE WARSZAWY] Was it not, however, something that made things easier for you—the possibility of building the party in a quiet and deliberate manner?

[Bugaj] Yes, it was, among other things. In self-governmental elections, however, it is a disadvantage. The size of a given party and the size of its structures are of great importance there. I do not conceal the fact that there are only 4,000-5,000 of us, whereas there were as many as 52,000 positions to fill in all. It is a dramatic proportion.

All parties in Poland are midget-sized. All of the stories of 100,000 members of Social Democracy of the Polish Republic [SdRP] are nothing but cock-and-bull tales. What does count, however, is the party's apparatus. They have it and we do not. I still think about the Union of Labor [UP] with optimism. We have gone through two rounds, and I believe that the third one will be decisive. The first round was the parliamentary elections. For us, they were held a year too early.

[ZYCIE WARSZAWY] You were still successful.

[Bugaj] There is a price for this success, though. Not all of those who have gone successfully through these elections are sufficiently prepared for work in the parliament. I have no complexes toward the peasants or the Democratic Left Alliance [SLD]. On average, however, we are not as well prepared for the work in parliament as the Freedom Union [UW] is.

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I will also not conceal another issue. We wanted to walk a very narrow footbridge. On the one hand, we are saying that this combatants' division must somehow be overcome. On the other, we defend ourselves against an element that is, let us say, not very interesting. We have not managed to do that fully. Others have not managed to do that, either. However, at times I worry that this margin is too great, that many people have come who are now dissatisfied and ask themselves why they came. They came here after they decided that the SLD would not have a bright future. Today they can see that it is not so, that their choice was not good. This is a serious problem.

The intellectual climate, which is reflected in the mass media, is not favorable to us. It is a climate of the choice of rightist values and of identifying the left with communism. Please note the way the press is writing: not the SdRP, not the SLD, but "the left."

[ZYCIE WARSZAWY] We write "postcommunists."

[Bugaj] Most of the press, however, writes differently. The awareness of what is the leftist orientation is very limited.

[ZYCIE WARSZAWY] The SLD has appropriated the leftist identity. However, you are probably to blame for that. You have not created a clear alternative; instead, you have hidden in their shadow, and now you cannot complain about them.

[Bugaj] That is true. However, we do not complain about them at all. We complain about something else.

In the debate on file-checking, SLD Deputy Marek Lewandowski says that these are some predeluge ideas, that one must look to the future. Later on, I find out that Deputy Lewandowski was the commander of the ZOMO battalion, which blocked factories in 1982. Leszek Miller said this quite cynically and arrogantly in an interview with your daily. He recalls Cimoszewicz once saying that, if the list includes Szmajdzinski and others, he will resign. Then he says that Cimoszewicz understood his place in line. Indeed, he did understand it.

I do not conceal the fact that there was a time when I plotted together with Cimoszewicz. He seemed to notice that one cannot pull the entire communist camp. However, he proved to be a man different from what I expected. He turned out to be a man for whom the filling of the position of a deputy prime minister, which was created especially for him when it turned out that he could not be the Sejm speaker, resolves these problems. These are my complaints. The most important complaints, however, concern the government's policy.

[ZYCIE WARSZAWY] What about your delicacy toward it?

[Bugaj] I agree that the results of the self-governmental elections are the consequence of the insufficient clarity of the firm.

[ZYCIE WARSZAWY] Why did UP not want to sharply criticize the government? Did the past of some people not play a role here?

[Bugaj] It was not the most significant role. First, there was a little disorder in our own ranks. This is linked to what I have said about the people we selected.

Second, some people became convinced that one is worth as much as one who is close to the power. Only on the third position would I list what you are talking about. However, this applies more to those who were elected on our mandates, not so much for UP members.

[ZYCIE WARSZAWY] Were there not any mistakes in the plan in line with which UP was established? There appeared cracks in the grouping, which is rather uniform as far as its program is concerned.

[Bugaj] I would still defend the basic elements of this plan. However, it is the case that even the best idea still needs to be implemented. I believe many of us failed, including me. For various reasons, Karol Modzelewski was also of little avail, even though his authority in our milieu is very strong.

[ZYCIE WARSZAWY] Recently we have been hearing increasingly more about a division between postcommunists and anticommunists. This may mean utter failure for a party constructed above any divisions.

[Bugaj] There is a danger of these two steamrollers, which travel in each other's direction, crushing everything in their paths. These steamrollers will prove effective if they operate in an atmosphere of social frustration, which is best illustrated by the low political involvement of citizens.

If the turnout in the next elections is the same as before, it will be dramatic. This will mean that only people of very sharp frustrations and firm convictions will go to the polls. This would be a very bad situation, both for us and for UW.

[ZYCIE WARSZAWY] Will UP be ready to pass to the definitely anticommunist camp in such a situation?

[Bugaj] I do not really know what should be done then. We would have to do something we do not want to do—that is, to say that, for Poland, the future is unimportant, that the social and economic models are unimportant, and that what is important is what people were doing eight years ago.

I have always looked upon communists as a certain pathology in public life. We can regard ourselves anticommunists of principle as far as the defense of democracy is concerned but also in ethical issues, such as file-checking, for instance. Now, if it were to be the anticommunism similar to that displayed by the Center Accord (that one needs to make purges in banks and introduce one's own people there), we do not want to have anything to do with it.

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UP has found itself in a difficult situation. Since UW has moved to the right, we have been tied to "the red," as it were, because only with them is it possible to form a leftist government. We have no room for maneuvering. We cannot, however, agree to an alliance with the SLD alone. We would be only a fig leaf, and it would do what it wanted anyway.

[ZYCIE WARSZAWY] Everything may change as a result of the coming presidential elections. For the time being, it looks as if there may be a collision of the Polish People's Republic and the "post-August Poland." What happens if one of the candidates is Jacek Kuron?

[Bugaj] It is in the interest of the state to prevent the election of both Kwasniewski and Walesa. Poland cannot afford to have a head of state whose attitude toward democracy is characterized by relativism. Also, the president should not be a man who cannot say about himself that he has fought for democracy.

Jacek Kuron is a good idea, even though many citizens cannot imagine him in Namiestnikowski Palace. He has three important advantages. First, he is neither on the right nor on the left. Kuron is himself; he is from Zoliborz.

Second, Kuron has never been a politician of revenge. He has always been one of reconciliation. His martyrlike past makes this attitude more credible. Now, if Mr. Lewandowski speaks about reconciliation, that is something else.

Finally, Jacek is a man of social sensitivity, sensitivity that is sometimes a little vague but that is always genuine.

[ZYCIE WARSZAWY] How real is this idea? Is it merely another name that is unofficially mentioned here and there in the Sejm?

[Bugaj] This concept is supported by quite a lot of people in several groupings. However, these are not the groupings. I know that UW will have a hard nut to crack because it has a number of candidates. However, if it is not Kuron, those divisions will become much deeper.

[ZYCIE WARSZAWY] They will also become deeper even if it is Kuron.

[Bugaj] He does not, however, mimic any of the sides.

[ZYCIE WARSZAWY] For you, perhaps, he does not, but, within UW itself, he is identified with the left. However, when you say that you support the candidacy of Kuron, do you say this on your own behalf or on behalf of the party?

[Bugaj] It is something in between. We have not taken an official stand on this. It would probably be best, however, if Jacek were promoted exclusively by above-party milieus. It is well known what the prestige of parties is.

[ZYCIE WARSZAWY] Can Kuron count on support from the SLD?

[Bugaj] There are some reasonable people who might back Jacek, and, as a result, the official structures would face a difficult problem.

[ZYCIE WARSZAWY] As a consequence, a social-liberal formation would be established, a formation of your dreams, in which UP would not merely be a fig leaf?

[Bugaj] This is an optimistic scenario.

Daily Views Foreign Investment, Cites Data

WS2807113094 Warsaw NOWA EUROPA in Polish 28 Jul 94 p 23

[Article by Zbigniew Kozakiewicz: "Steady Increase in Foreign Investment; A Remedy for Development"]

[Excerpts] Everyone, including the rich countries, is making efforts to attract foreign investment. The benefits that can be reaped from it are so obvious that it would be enough to say the following: It stimulates the economy, and wherever there is no capital, it is the only remedy for it.

Professor Grzegorz Kolodko, deputy prime minister and finance minister, after signing a letter of intent with the IMF last week, said that, in a few years' time, there would no longer be a need to submit such documents. By 1995, the progressing stabilization of the economy and the annual 5-percent increase in the GDP will make it possible for us to dispense with external support for our balance of payments and for paying off part of our debt to Western banks. It was possible to make such a statement, among other things, thanks to the benefits our economy receives from foreign investment. Therefore, we should be satisfied to note right now a slow but steady influx of foreign investment.

Situation After First Six Months

Foreign companies invested capital in 1992 estimated to be worth $1.409 billion. The following year $1.632 billion came into our country. In the first six months of this year, the interest of foreign investors was expressed in the tune of $700.4 million; by the end of the year, that sum will at least double. To this sum—$3.741 billion—we should add $4.750 billion coming from officially confirmed investment commitments. In all, the value of foreign investment in June 1994 amounts to $8.491 billion.

This data confirms the increasing interest of foreign capital in investing in Poland. It should be added at this point that, because of the high dynamics of the investment process, negotiations with many companies that are still under way, and the fact that foreign investors do not have to publish detailed information, the above-mentioned data merely show the scale of the involvement of foreign capital; they do not include the value of all contracts. Actually, we may suppose that the amount

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of money invested in our economy is greater than is suggested by the general data.

At the end of 1992, there were slightly over 10,000 companies with foreign capital; a year later, this number had increased to 15,000 and, after six months of this year, to 16,335. In the overwhelming majority of cases, these were small companies, with a relatively low level of original capital. Only 1.5 percent of them are companies that have invested at least $1 million. In as many as 75 percent of these companies, the original capital did not exceed $50,000. It is estimated that the 225 greatest companies invested approximately 70 percent of all of the foreign capital over the past four or five years.

According to the State Foreign Investment Agency, the greatest number of companies that were registered are companies with German capital—over 3,000. Among the greatest foreign investors, however, the leading positions are occupied by U.S. companies, 48 of which are operating in Poland. German companies hold second position—41. They are followed by others: French—19, Austrian—17, British—14, and Canadian—13. Spain, Russia, Singapore, Ireland, Australia, South Korea, Republic of South Africa, Slovenia, Luxembourg, and Greece have one company each.

As far as the amount of invested capital is concerned, first place is again occupied by U.S. companies, which have invested $1.270 billion—that is, 33.9 percent of all foreign capital. Next in line are international concerns (such as ABB and Unilever) with $606 million, Italian with $366 million, German with $314 million, and French with $263 million. The smallest amount of capital has been invested by companies from Greece and Luxembourg—$2 million each. If we take into account the investment commitments, the leading positions on the list of the greatest investors are occupied by: U.S. companies—$2.816 billion, Italian companies—$2.097 billion, international concerns—$790 million, German companies—$604 million, French companies—$406 million, British companies—$383 million, and Dutch firms—$366 million.

Is It Much or Little?

A point of reference for the evaluation of the involvement of foreign capital in Poland may be the data from the other countries in our region. It is evaluated that our country is in third position, behind Hungary and Russia. [passage omitted]

Elements of Analysis

Foreign capital seems to prefer industry in Poland. Only $8 million has been invested in agriculture and $4 million in the insurance sector. The rest of the capital was invested in industry and trade. In these areas, more than 71 percent of the companies are operating (in industry over 40 percent). Foreign investors show the greatest interest in the machine and electrical engineering industry—over $2.6 billion (counting both money that has actually been invested and investment commitments). In the food and food-processing industry, more than $1.4 billion was invested; in telecommunications $650 million; and in the fuel and electricity industries $430 million. A lot of money has also been directed into construction, the timber and paper industries, and the financial sector.

Thanks to these preferences, hundreds of enterprises have been salvaged. They were primarily burdened with debts and hit hard by the lack of capital. Jobs were maintained and new ones were established (for example, companies with German capital alone employ approximately 1 million people). Foreign capital has also made it possible to increase Polish exports: textiles, auto parts, and food. It also contributes to the establishment of infrastructure: telephone lines, roads, waste and water treatment plants, etc. The influx of capital was accompanied by new technologies, interesting organizational solutions, managerial know-how, and...dynamics in action. All of this resulted in increased economic activity, improvement in supplies for the domestic market, and, as a consequence of competition, an improvement in the quality of Polish goods.

We must not, however, be indiscriminate. Foreign investment is directed first of all to the domestic market; it stimulates the production of consumer goods requiring simple technologies. Only a little over 3 percent of the companies planned to export their products. One can suppose that, as the Polish market becomes increasingly satiated, this attitude will become more widespread.

Definitely dubious benefits are concealed in investments that contain elements of the Trojan horse. We should count among them such projects as the idea of international oil concerns building liquid-fuel distribution networks. These concerns do not really want to invest money in the Polish liquid-fuel industry, in the extension and modernization of refineries and petrochemical plants. They believe that they will enter the Polish market through their own networks of gasoline stations, in which they will be selling their own products. It is not difficult to see that the purpose of this strategy is to limit the importance of our own products or even to eliminate them from the market. However, because we know what is inside this horse, we can suppose that it will not be able to fulfill its role. In a few weeks' time, the final decisions on the methods of privatization of the oil industry will be announced; an interministerial team is working on them right now.

Similar secret plans, just as in the case of the oil industry, could be seen when there appeared attempts to assume control over the nickel and arms industries. It is certainly no wonder—business is not a child's game. It is in our interest to see foreign capital coming into Poland. However, while it yields profits for investors, it must also serve the Polish economy.

Barriers and Encouragement

For years, as if automatically, the same factors impeding the influx of foreign capital have been enumerated. It is

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worth noting, however, that the list of these barriers is undergoing changes. Slowly but surely we are leaving the high position of fourth on the list of the greatest investment risks among Central and East European states. The telecommunications infrastructure has been considerably improved, legal regulations are being adjusted to the principles of the market economy, the information system on investment possibilities is changing for the better. The stabilization in the country weakens foreign investors' fears of the influence of strong trade unions on the starting of strikes and social tension. The important factors that still impede the influx of foreign capital, however, remain as follows: the weak banking system, expensive credits, a swollen bureaucracy, and, in many cases, incompetent administration.

It seems that the factors that are favorable to foreign investment mean more than barriers. Such factors include, for example, integration with the European Union, economic growth, a highly skilled and cheap labor force, relatively low taxes, and tax allowances at the level of a certain specified profitability, as well as the determination to build a market economy along with all of the consequences this may have. This is proved by the steady increase in foreign investment.

Report on Expansion of Banks Into Former USSR

WS2907102694 Warsaw NOWA EUROPA in Polish 29-31 Jul 94 p 12

[Article by Mariusz Ignatowicz: "Expansion Eastward; Polish Banks Choose Lithuania, Ukraine, and Belarus Most Often"]

[Text] *Several Polish banks have plans for widening their cooperation with banks beyond our eastern frontier. They have been showing the greatest interest in our closest neighbors—Lithuania, Ukraine, Belarus, and the Kaliningrad district—and the remaining Baltic countries of Latvia and Estonia.*

Kredyt Bank SA, Bank Handlowy w Warszawie SA, and Bank Depozytowo-Kerdytowy SA w Lublinie are represented the most in the area of the former USSR. Despite their convenient geographical location, some of the banks in Poland's eastern half foresee possible "expansion eastward" only in the distant future.

Ukraine and Belarus First

Because of a strong presence of Polish firms in areas close to the frontier, Ukraine and Belarus are the first target of our banks. The slow pace of market reforms in these countries, high inflation, and an obsolete banking system, however, complicate the activities of Polish banks there. An additional problem is the opposition of strong banking lobbying groups that have been trying to counteract the expansion of foreign banks in their own markets. According to a representative of one of the banks, cooperation with the Central Bank of Russia is also bad.

Polish bankers agree that the attractiveness of our banks is several times that of local banks, which is due to factors such as the civilized service provided to customers, the speed of the operations conducted, the variety of available offers, and so forth. So, in case of equal chances, foreign banks are bound to compete just among themselves.

When choosing a banking partner, the following factors are first of all taken into account: the partner's reliability and solid reputation, the efficiency of conducting banking operations, and the opportunities for further development (for instance: Does the potential partner have a SWIFT [Society for Worldwide Interbank Financial Telecommunication (Belgium) (Banking network)] system? Both partners should also be at the same level of development. Possible guarantees by the State Treasury, however, are completely irrelevant.

Large Amounts of Capital Needed

It is possible that, as early as August, the branch of our bank that is in Minsk will be made into a department, says Director Beata Lis of the Bank Depozytowo-Kredytowy. Opening a department, however, requires the investment of substantial amounts of capital: It is necessary to retrain the Belarusian employees, purchase telecommunications equipment, and rent office space. The Minsk department will be dealing primarily with servicing export-import operations by Polish firms.

Director Lis thinks that many Polish firms are hesitant about entering eastern markets precisely because of the poor reliability of local banks and the poor quality of their service. Operations involving foreign currencies are often conducted by unlicensed banks, while transfers of resources between banks often require up to three weeks (according to international standards, they should not exceed three days). Also, there is often a shortage of cash in these units because of the anti-inflationary limitations of issuing currency imposed by the Central Bank.

Not Just Trade Ties

Kredyt Bank is also planning to expand its activities into eastern markets, primarily through cooperation with banks of CIS and the Baltic countries. Currently, Kredyt Bank cooperates with 100 banks in these countries, while 30 of them have foreign-currency loro [not further specified] accounts with Kredyt Bank. The bank is a member of the Polish-Russian Trade-Industrial Chamber, the Polish-Lithuanian Economic Chamber, and the Gdansk-Kaliningrad Economic Chamber. Aside from the development of trade contacts with these countries, there are plans for a widening of activities in their capital market. The first steps in that direction have already been taken: Kredyt Bank has been authorized by the National Bank of Poland to acquire 5 percent of the shares in the Belarusian Priorbank, which is headquartered in Minsk. Kredyt Bank's representative offices will be also be established in selected Baltic countries and in some CIS countries, with the first scheduled to open in Kaliningrad.

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Bank Handlowy has also been trying to conduct activities beyond our eastern frontier. It currently cooperates with 36 Russian banks, 11 Belarusian ones, 14 Ukrainian ones, and 22 from the remaining countries of the former USSR. Through mutual contacts, hard-currency transactions are carried out much faster and at a lower cost. According to Bank Handlowy's representatives, the quality of the bank's services is equal to that of Western banks that have been entering the area of the former USSR.

Finance Minister Kolodko on Economic Policy

MM2807192594 Wroclaw SLOWO POLSKIE in Polish 19 Jul 94 p 3

[Interview with Deputy Prime Minister and Finance Minister Grzegorz W. Kolodko by correspondent Wojciech Gielzynski; place and date not given]

[Text] [Gielzynski] Your antagonists maintain that there is no alternative to the present program pursued by the neoliberals....

[Kolodko] These assertions remain at the level of intellectual poverty. The world has never been without alternatives, and it is absurd to say things like "You have no other option." There are very many trends in the economic field. Those who say there is only one good solution are guilty of reducing the debate on the economy to insignificance and misleading the public. We do not claim that our concept is the only correct one, and that is the difference between our predecessors and us. On the other hand, we do believe it is the best one according to the system of values I particularly profess, as do the parties that cooperate in the creation of the government coalition and a group of people with whom we work together in the interest of Polish economy and the Polish public. I will tell you that there are many prominent economists in Poland whose names are not at all known to the public.

[Gielzynski] Indeed, I am unfamiliar with a great many names on the roster of the Council for Social and Economic Strategies. Its membership list gives the impression of a second-league category.

[Kolodko] It is definitely in the "premier league" category. I cannot list all of the names here, but the council's deputy chairmen, Professors Marek Belka and Stanislaw Owsiak, who are my contemporaries, are among the 10 most prominent economists in Poland today—not to mention such distinguished figures as the council's chairman, Professor Jan Mujzel. However, these are serious, top-rank academics, who do not give trifling telephone interviews to journalists from the popular press. If you were to visit several academic libraries and try to find any recent work published by people who are supposed to be "eminent economists" because they write articles for the popular press and because the popular press writes about them, you would see the truth for yourself. You will search computer screens in those libraries in vain because you will find nothing listed under the names of many so-called leading economists. But, if you look up the names of those who are unknown to you, you will find long lists of scholarly economic publications....

[Gielzynski] Minister, could you tell us some of these "overestimated" names?

[Kolodko] I will not tell you their names. But there is no doubt that the present aggressive campaign against the "Strategy for Poland" program, which, after all, has already been approved as a government-endorsed program and not just my own personal proposal, is led by a number of people associated with the Adam Smith Center. So I am rather afraid that poor old Adam Smith is turning in his grave....

[Gielzynski] ...every time Professor Winiecki speaks?

[Kolodko] Every time he hears the range of economic absurdities proclaimed on, say, the social welfare protection system. In any case, it is not only controversial economic concepts that are involved here but controversial interests as well.

[Gielzynski] Political or financial interests?

[Kolodko] A variety of interests.

[Gielzynski] Minister, you often use the phrase "the coefficient factor," which is typical of Keynes's terminology. Are you an advocate of his theory?

[Kolodko] Keynes had many good ideas, but he had some doubtful and incorrect ones, too. For example, I would not advocate the financing of expenditure from the budget deficit. In Poland, such a strategy would be extremely risky because it would cause an increase in inflation rather than production. However, I shall leave it to you and your readers to worry over the question whether my program is more Keynesian or more monetarist.

[Gielzynski] The dismissal of Vice Minister Misiag was accompanied by a lot of noise because he was seen by the public as a past master in the art of constructing the budget. Consequently, you are now seen as the new broom that is sweeping clean....

[Kolodko] It is interesting that those who were so free with their criticism of Dr. Misiag are now posing as his defenders. This is pure hypocrisy. I hope Dr. Misiag will continue to work closely with me, only within a different mutual arrangement. There is no sensation. There is no "clean sweeping" or anything resembling a purge. There are certain personnel rearrangements in connection with the realization of the Strategy for Poland program line. New people are coming in to undertake new tasks, and that is, after all, totally normal. Therefore, others must go because I do not intend to unduly inflate the administration ranks. They are too large, in any case.

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[Gielzynski] Is it easy to find these people and persuade them to come and work for you?

[Kolodko] No, it is quite difficult. Our program requires a vast effort from a well-prepared team of people, who will be prepared to sacrifice their time and energies to find solutions to a number of problems. It is with this idea in mind that I have been reviewing and correcting candidates to make up my "economic task force" team. Unfortunately, there are few specialists around, and the top experts do not want to come and work even at the highest positions in the state administration because it is stressful work and the remuneration is modest. There is tremendous financial competition from the private sector here.

[Gielzynski] Does the private sector pay four times as much as you do?

[Kolodko] Only four times? You may not believe this, but they pay 10 times as much!

[Gielzynski] But are the people who are now leaving the economic sectors of the state administration so much worse than those who are coming in to replace them?

[Kolodko] Not necessarily. Not always. But they are often slaves to routine and have come to disbelieve in the possibility of changing anything. And I am full of new ideas. For example, I am right now considering the concept of...selling honorary academic titles in order to supplement the state's coffers. That is a practice followed quite often in the West. It will not bring huge revenues to the budget, but we must scrape together all we can. Unfortunately, I can tell in advance what I am going to hear from those routine-ridden traditionalists: "It will not work. It would require at least five laws being put under revision. Is it worth it?" There is no greater danger for the Strategy for Poland program than routine.

[Gielzynski] I would have thought the greatest danger comes from strikes and public unrest....

[Kolodko] They certainly do not help, either.

[Gielzynski] But people perceive these changes in terms of the prime minister and his team getting rid of people who were connected with the Solidarity rule. I get this impression, too.

[Kolodko] In that case, take a closer look at the fact that certain elements of the present government's policy line were already present in a number of economic policy strategies pursued by the governments of Mr. Olszewski and Miss Suchocka. I have absolutely no reason to get rid of people who realized these strategies then. They were very often "constructively critical" toward the mistakes made in Poland during the initial phase of the economic transformation under the first two Solidarity governments. When the economic policy was pursued by Mr. Eysymontt and, later, Mr. Osiatynski and Deputy Prime Minister Goryszewski or, to be more precise, the whole of Miss Suchocka's government, we no longer heard of the concept of "constructive destruction," but, instead, we saw the introduction of the the correct idea represented by the Enterprise Pact. We saw an end to the crude approach to the budget policy or the attempts to balance the budget at all costs, including the cost of too far-reaching cuts in budgetary expenditure. The time arrived for the policy of a controlled budget deficit, which was completely different from that pursued during the fist two Solidarity governments. The policy on the currency exchange rates and the approach to the state sector was completely different, too. The state sector was not viewed any longer as a postbankruptcy asset but as a positive quantity that would be with us for a long time and could be profitably used for a long time.

[Gielzynski] Minister, am I to understand that you assess these last governments positively?

[Kolodko] Not in all aspects. For example, they did not manage to liberate themselves from a falsely interpreted dilemma: privatization versus commercialization. There is no such dichotomy in our own program, and I expect that Minister Kaczmarek will soon be dubbed "privatization's Stakhanovite" because he has gained such momentum in his work program that we found ourselves meeting the planned budgetary income from the privatization revenues within six months, and that was something his predecessors in the post of privatization minister had never managed to achieve, even though they have never had any political scruples. However, you can privatize only as much as the market is capable of absorbing in any given period, so it follows that commercialization must go hand in hand with privatization. Go hand in hand, and not against. Is that so difficult to comprehend? Or is there a lack of the goodwill needed to understand it?

[Gielzynski] If we are to understand it, we need a better information policy. Thank you for talking to us.

Daily Examines Recent Privatization Conflict

WS2807130094 Warsaw RZECZPOSPOLITA in Polish 28 Jul 94 p 2

[Article by Jan Bazyl Lipszyc: "Disputes Over Privatization; Kolodko: Kaczmarek Is and Will Remain in Government"]

[Text] The prime minister has not yet signed the third list of enterprises to be included in the Mass Privatization Program [PPP], even though, on 26 July, government members offered assurances that he would do this on that day or the next. Does this mean, as the opposition claims, that he wants to block the PPP or that he merely wants to check it more closely?

When he abstained from signing the next, third list of enterprises that are supposed to take part in the PPP, Waldemar Pawlak demanded additional information on the finances of more than 100 firms. At the last government session, the Antimonopoly Office was also asked to

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issue an opinion on whether the selection of 460 enterprises does not violate the antitrust law.

Oppositional politicians, primarily from the Freedom Union, believe that the delay in signing the list is a result of the desire to block the PPP. Waldemar Kuczynski told GAZETA WYBORCZA that it is "a fragment of political gamesmanship, another in a long series of moves that relegate the role of the Democratic Left Alliance [SLD] in the coalition to that of a Cinderella." Jerzy Osiatynski stated that the prime minister "yields to the pressure of a considerable part of his milieu, which has all along opposed the PPP and, under the pretext of improving the program, actually wants to stop it." According to Janusz Lewandowski, "the pretext that it (the program) is not prepared is absurd."

Wieslaw Kaczmarek believes that the prime minister really wanted to become very familiar with the firms that are to take part in the PPP because he is the one who signs the program and bears responsibility for it. "Everything the ministers and the government are doing is politics," said Kaczmarek. "If the program is successful, there will be many fathers of this success, but failure is an orphan. Thus, if the program fails, the prime minister will be pointed to as the one who signed it, and this will also be taken advantage of in political gamesmanship." According to Kaczmarek, no pressure should be put on the prime minister in this issue because, on such important issues, pressure works against the good of the cause.

Deputy Prime Minister Kolodko told us that the prime minister will certainly soon sign the third group of firms that are to take part in the PPP because both he and the coalition have the political desire to implement the program. The deputy prime minister believes that the best proof of Waldemar Pawlak's intentions is the fact that he accepted the 4 trillion zlotys [Z] that should be yielded by mass privatization as part of next year's budget revenues.

Another reason for the question of the political climate in the governing coalition over privatization is the motion, submitted by an important group of Polish Peasant Party [PSL] deputies headed by Bogdan Pek, to recall Privatization Minister Wieslaw Kaczmarek (SLD) for wanting to privatize the tobacco industry. The differences in the views on privatization between the minister and Deputy Pek have been no secret for a long time now. Also, for a long time, some PSL deputies have been demanding a tobacco monopoly instead of privatization.

A dispute between the SLD and the PSL over the shape and place of privatization could be observed during the formation of the present coalition. Thus, the differences between these parties' views on privatization have been known for a long time. However, now the coalition is here and governing; the minister and the deputy are among the leaders of the parties that make up the coalition.

As usual, Waldemar Pawlak, head of the government and party superior of the deputies who demand that the minister be recalled is not saying anything about what he is going to do with the motion and is not commenting on the demand to recall the minister. It is also not known when he was informed about the initiative of the deputies. However, the PSL is rumored to be a party where not much happens without the knowledge of its president.

It should also be recalled that, despite earlier agreements, the first list with the members of the present government, which was forwarded to the Belweder, did not include the name of Wieslaw Kaczmarek. It was added to the list only after Aleksander Kwasniewski intervened. One can guess, therefore, that the prime minister and his party do not really like the minister. These deliberations should also take into account, aside from the stand of the SLD (will it want to die for Kaczmarek?), the opinion of Deputy Prime Minister Grzegorz Kolodko because he is in charge of the Privatization Ministry.

"It is an initiative by fellow deputies who have in this way reacted to the intention of privatization," Wieslaw Kaczmarek told us. "It is a group that represents the interests of only one of the links of cigarette production. Partially, their arguments do not correspond to reality."

Minister Kaczmarek is certain that the SLD leaders are firmly on his side, as are most of this party's deputies, and he believes that most of the charges leveled against him do not concern privatization but, rather, certain personnel issues, concerning, for example, the membership of his employees on supervisory boards.

Wieslaw Kaczmarek is also convinced that the tobacco industry must be privatized. This is proved by the planned amount of privatization revenues in 1995 (Z29 trillion, including Z13.5 trillion of revenues from capital privatization). The attainment of this goal is not possible unless tobacco firms are sold.

It can be inferred from the statements by Grzegorz Kolodko, deputy prime minister for economic affairs, that he will stand firmly on the side of the privatization minister in this dispute ("Kaczmarek is and will remain in government").

It seems that, for the time being, Minister Kaczmarek does not have to look for another job (which does not mean that nothing is hampering his activities). The motion that he be recalled is rather a political demonstration that does not stand a chance of being put into practice. There is also, for the time being, no reason to state that the PPP may not be implemented, even though considerable delays might be very detrimental to it. This does not mean that the climate surrounding privatization is as good as its supporters and executors would like it to be.

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Commission Debates Salary Growth Parameters

WS2907092494 Warsaw NOWA EUROPA in Polish 29-31 Jul 94 p 2

[Article by P.P. under the "Events of the Day" rubric: "Salaries and Salaries Once Again; Trilateral Commission Debates Salaries"]

[Text] *During its session on Thursday, the Trilateral Commission for Socioeconomic Issues debated drafts of executory legal acts [akty wykonawcze] to a law on neopopiwek [tax on above-the-norm salary increases] that becomes effective on 1 August. The task of the government, the trade unions, and employers was also to determine the growth coefficients of the average salary in August and September. The coefficients constitute one of the parameters of the process of determining the maximum amount, the crossing of which by the employer imposes an obligation on him to pay the popiwek tax.*

The government suggested that the growth coefficient of the average salary should be 0.5 percent in August and 1.5 percent in September. The trade unions demanded that the coefficients be in fact increased. As a net result, the August coefficient is to be 3 percent and the September one 2 percent. Both "Solidarity" and the All-Poland Trade Unions Agreement [OPZZ] by definition oppose any kind of popiwek whatsoever. Their view is that the level of salaries should be determined through collective agreements at the level of branch of production or trade, or at the level of individual enterprises. That is why both trade union centers spoke out against a provision contained in the drafts to executory legal acts to the neopopiwek law, which regulated the mode of collecting popiwek over the next few years. Given the prime minister's declaration that there will be no popiwek effective before the New Year, to force the commission to agree to the provision is irresponsible and contrary to what a prime minister should do, Ewa Tomaszewska, of the "Solidarity" trade union, told journalists. After a lengthy discussion, during which Deputy Finance Minister Waldemar Manugiewicz tried to demonstrate that the provision does not really contradict the prime minister's statement but is, instead, a result of the way the law was written, the trade unionists received assurances that the executory legal acts will be issued exclusively for 1994.

A team for determining salaries in the budget sector, which operates within the Trilateral Commission, is to meet again before 20 August. The team discussed a draft law (dealing with these issues) that was prepared by the government. The draft law envisions that every year, before the adoption of the budget, the Trilateral Commission would determine the level of salaries in the budget sector, and, if no complete agreement were to be reached, the decision would be up to the Council of Ministers to make. According to trade union members present at yesterday's meeting, the proposal creates no guarantees whatsoever that salaries in the budget sector will in fact keep rising. It also gives the government too much room for maneuvering. "Solidarity" wants a return to a law of 1989 that guaranteed that salaries in the budget sector would be 106 percent of the average salary in the material production sector. Currently, the ratio is much lower than that. Deputy OPZZ Chairman Maciej Janicki stated that his trade union is in favor of a scheme under which the growth of salaries in the budget sector would exceed real salary growth in the production sector. For instance, if salaries in enterprises were to rise by 30 percent, salaries in the budget sector should increase by 33 percent. Deputy Labor Minister Andrzej Baczkowski said there is a lot to be said for the trade unionists' position, which says that there is no relationship in the draft between salaries paid in both sectors. Baczkowski added that the government will make attempts aimed at coming to some sort of compromise. Currently, the draft has already undergone some modifications during interministerial consultations, and the amended version will be presented to the team. There were also preliminary discussions held on a batch of laws regarding the commercialization and privatization of state-owned enterprises. Longin Komolowski of "Solidarity" told reporters that his trade union takes a negative position on the draft because it deprives employee representatives of the right to influence the privatization process: The draft empowers both the foundation organs and the minister of the Treasury with a right to make decisions, but it fails to simultaneously empower workers with a right to deliver opinions.

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Iliescu, Bouvard Hold Joint News Conference

AU2807133494 Bucharest DIMINEATA Supplement in Romanian 23 Jul 94 pp 3, 4

[News conference by Romanian President Ion Iliescu and North Atlantic Assembly Chairman Loic Bouvard with foreign and domestic reporters in Sinaia on 15 July]

[Text] [Iliescu] We have very little time available. I suggested that we unite our forces. I invited Mr. Bouvard to join me in this meeting with the media.

We will not make introductory statements either. You have attended the proceedings [of the seminar on "Regional Security and Cooperation in Central Europe," organized on 14-15 July in the mountain resort of Sinaia by the North Atlantic Assembly in cooperation with the Romanian Parliament]. You are familiar with the issues. So we are waiting for your questions. As a procedure, I suggest that we begin with our guest, Mr. Bouvard, whom you should ask all kinds of questions, following which you may begin shooting questions at me, or the other way around. What do you think? What do you prefer?

[George Spataru, of MEDIAFAX News Agency] Mr. President, if the Russian Federation does not evolve in the direction wished by the democratic states, how well is Romania prepared to avoid playing the role of a country belonging to a new "sanitary cordon" between the West and the East?

[Iliescu] I believe that, at the current time, the issue of a "sanitary cordon" need not arise. We are now attending a session of the North Atlantic Assembly. The session is attended both by countries that are members of the Alliance and by countries that joined the new formula of the Partnership for Peace. Thus, this is a form of adherence to the North Atlantic Consultative Council, which used to function before and which consisted of nine countries, one of which is Romania. As you know, today Russia is also integrated within the Partnership for Peace, as it has signed a document by which it participates in that form of dialogue, of contacts with NATO. Therefore the issue of a "sanitary cordon" need not arise.

[Spataru] But what if it evolves in a different direction to that desired by the majority of democratic states?

[Iliescu] Such evolutions could take—how should I put it—various courses. For the time being, Russia has decided—and it was a political decision—to set out on a course of new relations with the community of European states and the bodies, the institutions currently existing in Europe, including the North Atlantic Alliance. What might happen in Russia—that is a different issue. There might be a social explosion, the military industrial complex might prevail and impose a certain political orientation, or the nationalist-extremist forces, favoring greater Russia might... However, for the time being, they do not dictate Russian policy, although they are present and quite often they cause concern, and despite the fact that there are many factors of instability—of political and economic nature, and also with respect to the ethnic relations—in that multiethnic and multinational state, but all this is a different issue.

Nevertheless, for the time being, we cannot but salute, and I believe that what is happening here today. What is going on in Europe is a joint effort to encourage the democratic forces to strengthen the process that has unfolded in Russia and which certainly will be faced with difficulties that are greater than in any other country. From the theory of systems: The larger a system, the stronger the inertia and the forces that cause inertia. We know how great the difficulties we are facing are, although our state has relatively modest dimensions. In such an immense state—regarding territory, but also regarding its ethnic structure and economic differentiation and discrepancies—one can easily imagine how great the difficulties and the inertia in their system are, including the plane of the people's mentality.

[Bouvard] I would like to add a few things. I believe it is very important to lay stress, the way President Iliescu did, on the fact that we have to conceive the future of European security in a global, rather than a fragmented way. There can be no security in the North and insecurity in the South or security in the West and insecurity in the East. We have to erect a global security system by all means, and, obviously, we cannot achieve that against the will of Russia, as we cannot achieve it without Russia either. The expansion of NATO toward Central Europe and Eastern Europe is necessary, but it has to be done parallel to the strengthening of ties with Russia. It is not impossible.

It is not easy, because—as Mr. President has already said—the situation is very difficult in Russia. Those of you who have been to Russia—I go there quite often—have realized that the people are suffering, the economic situation is often disastrous in certain regions, and that exaggerated nationalistic feelings might lead to a catastrophe. Perils do exist, but I believe that by maintaining the constructive dialogue between all the Euro-Atlantic countries and Russia we are helping those in Russia who quite sincerely wish to turn their country into a democratic country and a law-governed state, and therefore this is one of the best guarantees vouching for the independence and freedom of each of our countries, namely that Russia should not fall again prey to imperialism, xenophobia, and nationalism. It is our duty, a duty that is as important as the strengthening of the institutions of our Alliance. Do you agree?

[Iliescu] I agree.

[Radu Calin Cristea, of Radio Free Europe] Mr. President, today you expressed, using very firm terms, Romania's interest in integrating within the North-Atlantic Alliance, the CSCE, and other European structures. Russia does not wish to support that integration system. Do you consider that the aforementioned advancement

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of Romania will infringe upon the former Soviet markets—and I am not referring merely to that of the Russian Federation? The problem is: How will we move on this beach...

[Iliescu] As Mr. Bouvard already stressed a few moments ago, we do not consider our adherence or that of the other countries, regardless of the form in which it is done—today we are in the Partnership for Peace, tomorrow we are full members of NATO—as an option that is accompanied by hostility toward Russia, and I also believe that it is a correct and wise position on behalf of the NATO leadership to permanently lay stress on the structure, orientation, and the political contents of the activity of NATO with respect to Russia not as a body directed against Russia, against Russia's interests, and that NATO does not intend, in any way, to deepen Russia's mistrust, but rather, on the contrary, it has addressed an invitation to Russia—and I believe that it was a very important step that Russia has signed the Partnership for Peace, it means one step ahead, so as not to exclude Russia from the general process of overall European integration and to ensure even security throughout the continent.

At the same time, of course, in Russia itself there are divergent points of view and opposing stances are clashing. Some wish to lay emphasis on the distance separating Russia from NATO. The issue was raised to grant Russia a special status in its relations with NATO and stress its role as a superpower that is negotiating on an equal footing with NATO. I believe that this—how should I put it—has to be taken into consideration as an objective reality: Russia is a superpower, having an immense material and economic potential and an impressive military potential, facts that cannot be ignored. However, to my mind, the efforts that are being made do have the chance of establishing a climate of mutual acceptance of this form of partnership, which could lessen their reserves and certain positions expressed by some Russian politicians regarding the wish of some countries in our region, in Central and Eastern Europe, to join NATO.

Regarding the consequences on the economic plane, they do not depend on Russia's decisions, only. I believe that it also is in Russia's interest to cultivate its economic partners, and we, doubtlessly, as countries situated in Russia's vicinity—Romania and many other countries in this region—that used to have Russia as a very important partner, and, especially, as a source of raw materials and energy, we are interested in normalizing our relations, and, as Russia's economy normalizes, furthering economic partnerships as much as possible. But as I have noticed, everyone, all European countries, the United States, and Japan have the same interests, and Russia, in its turn, is also interested in furthering those relations, so that I cannot possibly conceive that Russia can adopt a self-isolation stance with respect to us and other European countries.

[Cristea] Can you count on Russia's sincerity?

[Iliescu] In politics, they do not work on the basis of sincerity. Rather on the basis of interests, I would say. In politics, interests have always prevailed, and not solely in the case of Russia, but everyone—nice words do not impress me at all. In the domain of politics, neither nice words nor verbal promises are worth a single dime. What really matters is the interests and, as far as we are concerned, the important thing is that we should know how to stimulate the interest of others in us and to make them realize the interests we have in them.

Aside from this, let me tell you, everything else is nothing but phrases. That is not a shortcoming of the Russians, only. There are very many who are also masters at uttering phrases.

[Bouvard] Mr. President, you have just paraphrased General De Gaulle: "Nations do not have sentiments; all they have is interests."

[Iliescu] It is true.

[Doina Basca, of the daily COTIDIANUL] Mr. President Iliescu, yesterday we witnessed an extraordinary presentation by the defense minister, Mr. Gheorghe Tinca, which presupposed, almost in a shocking manner, an exceptional openness regarding the evolution stage of the Romanian Armed Forces since the Partnership for Peace was signed. My question is: Why was there no similar openness regarding the treaty signed with the Russian Federation, I mean the military treaty?

[Iliescu] Which treaty? I know nothing about such a thing. There is no military treaty between Romania and Russia.

[Basca] An accord.

[Iliescu] No accord either; there is no such thing. There is no such thing. You are making grave mistakes.

[Basca] What I mean is the accord...

[Iliescu] The Ministry of National Defense, the same as the Ministry of Interior, the same as the Ministry of Culture and the Ministry of Foreign Affairs, and other ministries, signs certain agreements with the similar ministries in other countries regarding very concrete issues in the domain of exchanges of information, swapping experience. That is what they refer to. We have such agreements with almost every European state.

[Basca] And still, an accord signed by a Romanian defense minister and the Russian Federation defense minister was intended to be kept in the dark...

[Iliescu] There is no darkness here whatsoever. It was discussed very openly. The text, as such, has also been presented. I feel very sorry that you, who are very well informed when you shouldn't be, are, however, not well informed when you should be. Sorry, but no secret has been made out of those agreements concluded between ministries. But there is nothing special about them. The text is absolutely identical to the ones signed with

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Germany, Bulgaria, Czechoslovakia, all of them; all of them, as well as this one, signed with Russia. That is, no secret has been made out of it; I am not supposed to sanction such things. The Ministry of National Defense holds weekly news conferences. Each time an event occurred and such documents were signed, they presented them there. That is no novelty.

[Basca] The press scandal that broke out related to that accord...

[Iliescu] All right, some people love scandals. That is a different issue. I repeat, this is reality, which we all know very well. Whether we like it or not, that is a different issue. I know, especially you like to...

[Andreea Ionescu, of the Pro FM radio station] Today, at Campina, you asserted that Romania does not wish to become an agricultural hinterland. Would you like to explain that assertion?

[Iliescu] I said what I also said during my conference here. We favor partnerships on an equal footing in all respects. Currently, one of the most important problems in Europe, after the Cold War is over, the Iron Curtain is gone, and after the vanishing of the rigid political, military, and ideological separation of the two parts of the continent, when conditions have been created for a rapprochement, even in the military field, within NATO, for political rapprochement, and so on. [sentence as published]

Currently the gravest phenomenon is the new curtain, of an economic essence, between the two parts of Europe, which is aggravated by the deepening of the economic discrepancy between the developed European countries and the transition countries, which previously used to lag behind anyway, but which now lag even farther behind owing to the consequences of transition.

Over the past four years, Romania has seen a continuous decline in the industrial production and the agricultural production, that is, of the GDP, as compared to 1989, the crisis year for the Romanian economy, which was the basis of the outburst of the social explosion that characterized the Romanian revolution. Today, the country finds itself at a lower level than in 1989, from the point of view of economic potential.

This aggravated the discrepancies between the East and the West, and there is a risk that this economic discrepancy might turn, in the future, into a graver source of conflict and tension than any other source. This is why, in my opinion, it lies in both the interests of the rich, of the developed countries, and in those of the transition countries that they should find not only a common language and common interests, but I would even say that the efforts we are making to develop our economies also serve the interests of the developed countries, because the diminishing of the aforementioned discrepancy means not only our economic development, the amelioration of our way of life, that of our people, an increase of the standard of living, and so on, but it also means the increment of the absorption ability of our market and the increment of our ability to participate in the process of deepening of the international distribution of labor, characterizing today's world economy. And this would be beneficial for the developed countries in Europe, which today are themselves facing grave processes, even if they have been caused by an highly positive process, namely the dynamic character of the development of contemporary technology; technological progress and economic development have become a source of social complications, increasing unemployment, and, solely within their community, inside the group of the 16, they will not be able to find solutions to their problems; Europe's general economic integration is beneficial for those countries as well.

As I have already said: The example given by the developed countries is, from this point of view, significant. The largest proportion of the volume of the international exchanges of all the Western European countries is taking place, above all, among them, that is, among the developed countries, among countries with similarly high economic potentials. This means that their accelerated development does not increase the competition potential existing among them, does not prevent them from cooperating, but rather on the contrary, it increases their potential of economic cooperation. This means that the development of our economic potential will also increment our potential for finding partners.

This is why I pointed out that we should not believe that our development is to take place merely at the periphery of the European economic development. It also lies in the interests of the developed countries not to consider us an agrarian hinterland, as the "lesser courtyard" of European economy, and maintain the discrepancies, but rather it lies in our common interests—both ours and theirs—to economically elevate our country and, generally, the countries in this region. This was the basic idea I wanted to express.

[Unidentified reporter] Mr. President, you said that nice words do not impress you at all and we are not asking for advice. What is, concretely, the thing you wish most for Romania? As concretely as possible.

[Iliescu] Of course, now we are attending a session of the North-Atlantic Alliance, and we are dealing with security issues. Over the past days there have been exhaustive discussions on that issue. It is one of our fundamental preoccupations that a climate of security should be established, that is, a climate of political and military stability, without which the efforts we are making to revive our economy would be inconceivable.

Second, we ought to find the climate and necessary understanding to concretely implement our attempt to elevate our country economically and we ought to establish open partnerships in the efforts we are making.

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And we believe that today the climate is incomparably more favorable, and last year, at least, marked the significant opening, from that point of view, of the international bodies, of the European bodies, and of the countries with which we are maintaining increasingly active relations in the European continent.

[Mugurel Radulescu, of the daily ADEVARUL] Mr. President Iliescu, Mr. Chairman Bouvard, allow me to address a question to each of you. My first question: What are the principal issues to be discussed during President Yeltsin's visit to Bucharest in November?

[Iliescu] Where did you get that piece of information?

[Radulescu] I have met with Foreign Affairs Minister Mr. Melescanu.

[Iliescu] This is an inexact exploitation of an answer given by Mr. Melescanu. But it is true; it is an invitation that dates back two years, that I made to President Yeltsin. Internal circumstances in Russia, as well as the international ones in the region have prevented the accomplishment of that project, but the invitation, as such, does exist. That visit depends on the accomplishment of what I already pointed out during today's session, namely on the finalization of the draft of the joint treaty. This time it will be a fundamental political treaty between the two countries—on good neighborliness, cooperation, and friendship. And there are some issues of a political nature that so far have prevented the conclusion of the treaty, but I hope that we will be able to overcome them. When the treaty is finalized, when its text is finalized and sanctioned by both parties, Mr. Yeltsin will be invited to Bucharest so that we can sign it together.

[Basca] Did President Clinton also receive an invitation?

[Iliescu] Of course. And it is still valid.

[Basca] In that case, why didn't he visit us?

[Iliescu] You might have noticed the reply he gave us himself: He is keeping this invitation on his agenda and when the time is right he will come to Bucharest.

[Basca] Personally, how do you assess the fact that he did not come now, during his first tour of the Eastern European countries?

[Iliescu] There are many European capitals to which he has been invited and he hasn't gone. What are these airs, that he should by all means come to Bucharest and come right away? Everyone has his own considerations and priorities. How could I possibly determine why he hasn't come to Bucharest?

To my mind, it was significant that President Clinton went to Warsaw, because Warsaw was the first victim of the war, of the German Hitlerist aggression, and, marking the 50th anniversary of the victory over Hitlerism, he began his tour in a country which was the first warring party in that area and he invited the representatives of other countries in that region to meet him there. Therefore the selection of Warsaw, particularly, did have a certain political significance.

[Spataru] In connection with this subject, how would you comment on President Clinton's assertion, according to which, of the $200 million earmarked for the Partnership for Peace, $100 million should be allotted to Poland?

[Iliescu] Again, do not ask me to pass judgments on the priorities and options of the President of the United States! I could offer you all sorts of arguments, but the arguments I could give you would be in no relation whatsoever with the thinking of President Clinton.

[Spataru] You said that security has to proceed from a common point, a point that seemed to be shared by all, so don't you think that a superiority of Poland is being created by this...

[Iliescu] You see, you are using terms that are totally inadequate for interstate relations. What do you mean by this "superiority" of Poland? Poland is the largest country of all the countries currently in transition, outside the territory of the former Soviet Union, which used to have and still has, among other things, the highest debts. Poland's foreign debts are nearing the $40-billion mark, and the country is situated between two powerful blocs, namely the Russian bloc and the German bloc, the two powers, and, well, a great number of considerations speak in favor of such a definition. Do I have to tell you...

[Radulescu] Does NATO wish to become the sole security organization in Europe?

[Bouvard] Before answering your question directly, please, allow me to tell you that I have an inferiority complex with regard to President Iliescu, first because I am not the president of a country, and especially because I am unable to express myself in the Romanian language, the way he has expressed himself in French.

NATO does not have the goal of becoming the sole security organization in Europe. First, as you know, NATO does not have the ambition to include Russia, Ukraine, and Belarus, and yet, those countries are part of Europe. Consequently, NATO wishes to make its contribution to achieving security in Europe, and, considering that one must always start building by relying on already existing foundations—which is absolutely valid, as NATO was a feared organization, considering that it defeated the Warsaw Pact without firing a single shot—NATO persists, and we can see that the majority of the countries are looking forward to joining NATO. [sentence as published] This does not mean that NATO is the sole security organization. I set out from the things said by President Iliescu, laying emphasis on the need for bilateral accords, which strengthen multilateral accords. Although NATO is a multinational organization, there is

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nothing to prevent each of its member countries establishing bilateral relations. That is how Romania is acting, that is how my country and all the other countries are acting.

As you have mentioned Poland, please allow me to tell you that currently between Poland, Germany, and France there is a kind of a security pact, according to which those three countries are to cooperate further among their armed forces through scheduled joint drills. And if one looks at that bloc consisting of 40 million Poles, 80 million Germans, and 60 million French, one realizes that it represents a population that is more numerous than that of Russia. If those three countries are getting along well, this contributes to Europe's security.

However, no one should believe that NATO has a goal of achieving hegemony. As a matter of fact, that would be ridiculous. As the English say: "It would defeat the purpose," [previous five words published in English] that is, it would contradict the set goal, as it would repel Russia, and, as President Iliescu has said and as I have stressed myself, it is imperative that Russia should participate in all security organizations in Europe. A power such as Russia cannot be left out of them, and it is absolutely necessary that we should support the democratic forces in Russia.

[Iliescu] There is also the Western European Union [WEU], there is the CSCE...

[Bouvard] Yes, there are other bodies as well. The WEU is already taking shape. As I told President Iliescu yesterday, I attended the great military parade on the Champs Elysees, together with the president of the French Republic and the president of the French National Assembly, and I was very moved when I saw German, French, Spanish, Luxembourg, and Belgian units marching beside each other, and I, as a Frenchman, who in 1944—please allow me to confess this—fought in the Resistance against the Germans, was moved not because this had brought back old memories, but rather because I was watching the birth of the identity of European defense; cooperation between France and Germany is an absolutely necessary thing, and I was very proud and happy.

So there is the WEU; there is the Partnership for Peace; there is the CSCE Security Pact—in connection with I have to tell you that, last week in Vienna, I represented the French National Assembly at the great session of the CSCE Parliamentary Assembly, and I also have to tell you that it is an absolutely necessary forum to reunite the states. The more we talk, the more often we meet and engage in dialogue, the better it will be, and this seminar here also proves this.

I have to tell you that the fact that this seminar could be held here, close to Bucharest, in Romania, at this time of year—as it was not scheduled well in advance—as Senator Ratiu also said—and I have to tell you that he had a great contribution to the organization of this seminar—makes me very happy. Your country will play a very important role in the security of this region of Europe.

[Anca Halip, of the Nine o'Clock Radio Station] Do you think that we should be consider our security as problematic?

[Iliescu] We should always consider such things as problematic. I mean, our geostrategic position, throughout history, has always caused us problems. I did not emphasize merely incidentally that we have always faced this historic disadvantage of being situated in this corner of Europe, which along the centuries has experienced the migration of peoples, invasions toward Europe coming from Asia, Eastern Europe, and the Middle East, and all this has delayed Romania's development compared to all Western European countries. We were situated at the confluence point of the interests of three great empires, which dominated Romania's political life and determined the separate existence of some of our territorial components and people.

Thus, Romania has always had to ponder things, to adapt, and to try to figure out how to survive. In my opinion, new possibilities are opening now, a new climate is being established on our continent, but, of course, we always have to be prepared for anything and we also have to be able to display the necessary adroitness. Titulescu made a famous reply to someone who pointed out the adroitness of Romanian diplomacy. He said that he would prefer less adroitness in exchange for a better geostrategic position for Romania!

But what can we do? This is our position and we have to try to display more wisdom and more ability in the way we express our interests, desires, and stances. Noisy, slogan-like declarations are not always useful. On the contrary, and there are many examples for this, even over the past years, how much damage was caused to the country by demagogic phrases and faked patriotic cacophony, which actually do not serve the interests of anyone.

[Cristina Trepcea, of the daily ADEVARUL] Under the circumstances of escalating intolerance and racism in Europe, what are the real chances of security and peace in Europe?

[Iliescu] Those chances are determined equally by the political will and the actual evolution of the economic and social situation in each country, taken separately, as well as on the whole, throughout the various zones of the continent, taken as a whole. That is, they depend on very many circumstantial elements.

In my opinion, generally speaking, if we consider the evolution of things over the past four years, a positive evolution took place, despite the great difficulties that still persist, which I also emphasized during the speech I made today, namely that, rather unfortunately, there are

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still many risks that our life on this continent, and in our region is facing. Nevertheless, at the same time, we wish to stress and nourish hope that still, the evolution is for the better, and that it also depends on us to strengthen that hope in our country.

Miners Rally at Rovinari; Head for Targu Jiu

AU2807121094 Bucharest Radio Romania Network in Romanian 1000 GMT 28 Jul 94

["Dispatch" by Cornel Sorescu from Targu Jiu]

[Text] As a result of the general strike called by the local Mining Trade Union Federation, work was halted at the Rovinari, Rosia, and Dinoasa mining operations.

At about 1000 [0700 GMT] in the square in front of the headquarters of the local Rovinari branch of the Pitcoal Public Corporation, a rally was held, which was also joined by the employees of other units and subunits of that industrial platform. During the rally, the union leaders addressed the persons attending the rally. The demands presented by Mr. Marin Condeescu, the chairman of the National Mining Trade Union Confederation, referred to the fact that the 1994-1995 collective labor contract has not been finalized although the previous contract expired on 1 May 1994, the fact that the claims of the confederation included in the application addressed on 21 January 1994 to the Supreme Court of Justice have not been met, and the fact that the 5-7 percent salary raise suggested by the administration board of the corporation does not satisfy the claims of the strikers.

The Targu Jiu Pitcoal Public Corporation considers the strike illegal, as it is centered on salary claims. [as heard] Mr. Radu Mironovici, the general director of the public corporation, who expressed the aforementioned consideration, pointed out that the monthly average gross salary of the miners is 258,000 lei.

The strikers decided to leave Rovinari and head for Targu Jiu to the headquarters of the Pitcoal Public Corporation, where the first groups of miners are already arriving.

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Pale Assembly Maintains Opposition to Peace Plan

AU2807145794 Paris AFP in English 1449 GMT 28 Jul 94

[Text] Belgrade, July 28 (AFP)—The self-proclaimed Bosnian Serb parliament wound up a special session on an international peace plan Thursday [28 July] and said it was sticking to its previous position demanding more details. In a statement, it said it was willing to take part in negotiations with members of the "contact group"—Britain, France, Germany, Russia and the United States—but had "decided to maintain its positions" stated last week, which were widely viewed as tantamount to a rejection of the peace blueprint.

Serbs Issue Statement

AU2807160394 Belgrade Radio Beograd Network in Serbo-Croatian 1445 GMT 28 Jul 94

[Telephone interview with correspondent Marica Lalovic in Pale by an unidentified studio announcer in Belgrade on 28 July—live]

[Text] [Announcer] Let us now go over to Pale and Marica Lalovic. Good day.

[Lalovic] Good day.

[Announcer] We have just said.... [pauses] we have announced the news that the Serb republic assembly is in session, and that it is preparing a response for the contact group, which is supposed to resume work this afternoon in Geneva. Is the response already known by any chance?

[Lalovic] Yes, the answer is known. I think that all our listeners are interested in the entire text. The people's assembly has finished its session, and adopted an explanation—entitled The Explanation as Part of the Declaration—which reads: With respect to the initiatives of Russian President Boris Yeltsin and Serbian President Slobodan Milosevic, the Serb republic people's assembly at its session on 28 July 1994 has again considered the peace plan of the contact group, and passed with the declaration the following explanation: The Serb republic people's assembly appreciates the efforts by the international community aimed at achieving peace in the former Bosnia-Herzegovina. In that sense, the people's assembly remains behind the adopted Declaration and does not reject the active participation of the contact group for the continuation of the negotiations, counting on the fact that the international community will see to it that the negotiations will reach:

a. Further modification of the map to meet the vital interests of the Serbian people.

b. Delineation of the city of Sarajevo and the region of Sarajevo.

c. The solution on access to the sea for the Serb republic.

d. The fulfillment of the right of the Serbian people to self- determination, including state links with neighboring countries.

e. The agreement on the cessation of hostilities, and the implementation of the plan, and the lifting of the sanctions.

The people's assembly believes that there are conditions for the continuation of the peace process. If the international community sets an ultimatum for the acceptance of any part of the plan, or the entire plan, the chairman of the people's assembly has the duty and authority to call a referendum, which envisages the possibility of international supervision.

So this is the text that came to our office some two minutes ago, and it represents the response of the Serb republic assembly as an explanation of the Declaration, which is already known to everyone, and which has been at the center of attention of the whole world.

[Announcer] Can we consider this to be the final response, if we can say that, the final word?

[Lalovic] Well, the last sentence says that this is not a definitive answer, that if there is an ultimatum....

[Announcer, interrupting] Yes, it depends on the behavior of the international community.

[Lalovic] Yes, yes.

[Announcer] Please, repeat the last sentence.

[Lalovic] The last sentence says: If the international community sets an ultimatum for the acceptance of any part of the plan, or the entire plan, the chairman of the people's assembly has the duty and authority to call a referendum, which envisages the possibility of international supervision. This means that the final word, obviously, can, must, and probably will be given by the people in the Serb republic, if an ultimatum over a yes or no is demanded to any point of the plan offered by the contact group.

[Announcer] Colleague Lalovic, since you are mentioning ultimatums, we have been receiving a lot of information from all over the world, saying that both psychological and political pressures were being increased on the Serbs in Bosnia-Herzegovina, on the leadership.

Particular attention is devoted to the incidents that have occurred in the past days, in which there were both dead and wounded. Of course, the Serbs are mostly accused of causing all these incidents. What interests us here is how all this is being commented on in Pale?

[Lalovic] Well, let me tell you that I can admit one thing and that is that these events are regarded here quite calmly and with cool heads. The incident at Sarajevo airport, the incident with the British soldiers in the area between Mt. Igman and Hrasnica, where one British

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soldier was killed and one wounded, and the blame being pinned on units of the Serbian republic army even though the incident, that is, the attack was perpetrated by Muslim forces, is yet another attempt to discredit the Serbian army, the Serbian people, and the Serbian republic leadership at this truly crucial moment. I believe that all those people who carefully followed [changes thought], both international analysts, observers, and people who are actively involved in searching for a solution to the crisis, have had the chance to see through the Muslim tactics and recognize their intentions, and that what is happening at the moment is a devious attempt yet again to trick the Serbian people. This is also the case with the closure of the blue routes. The Muslims have really tried the patience of both the international community and the Serbian republic's troops to the utmost, but as chance would have it, all this happened at the same time as all the other incidents. I believe that the really important thing is that the Serbian republic army has managed to remain patient; you know, just recently I was privy to an anecdote. Two days ago, NATO planes overflew at such a low altitude and so provocatively that our colleagues here said that the sound should be taped, and that (?Serbian) aircraft should be filmed as they release the infra-red chaff [IC mamac] in order to deter a possible attack—although there were no incidents—anyway, they suggested that all this be taped, after which a proclamation would be issued to the Serbian republic troops congratulating them on their patience. [sentence as heard]

[Announcer] Yes, all this is part of the psychological and political pressure.

[Lalovic] Yes, and I believe that both the people and the army are very, very firm and stable in spite of the fact that they have been exposed to this terrible pressure for two years. They are enduring this and are observing the commands of General Ratko Mladic and the supreme command to be compassionate and very reserved in any type of possible response to any type of provocation, and this is very important.

[Announcer] Yes, colleague Lalovic, Greek Foreign Minister Karolos Papoulias is due in Belgrade any minute now. It has been announced that he will be travelling to Pale, where he will meet with president Radovan Karadzic.

[Lalovic] Our information is that he could come here tomorrow and that his arrival is expected here tomorrow. He will meet in Zvornik with foreign minister Aleksa Buha, who will meet him, after which talks have been planned with the Serbian republic state leadership. Also, last-minute talks regarding the departure to Geneva, to the talks, the new round of negotiations. [sentence as heard]

[Announcer] What does this mean?

[Lalovic] Well, it means that the high-ranking guest from Greece will probably tomorrow be acquainted again with the declaration adopted today. The declaration will be given to him to peruse, and the Serbian side will yet again try to explain—indirectly—its reasons why the international community must be a little more flexible as regards both the map, and primarily the constitutional principles. Therefore, another attempt will probably be made with the Greek representatives—who have understanding for events in former Bosnia-Herzegovina and have quite a lot of understanding for the Serbian side's position—once more to clarify in detail each of these points that I read out earlier, so that the peace process can go on, and all sides can—I hope—be more active. When the contact group last visited Pale, and when Douglas Hurd and Alain Juppe came, the president of the Serbian republic said one very crucial sentence: He said that he was glad that the contact group had begun to take into consideration the Serbian side, but that he was sorry that this had come somewhat late. Had it been earlier, probably all of this would not have happened in the meantime, and some solutions might have been found.

[Announcer] Many unpleasant things could have been avoided. Colleague Lalovic, has the Serbian leadership received an invitation to Geneva?

[Lalovic] Well, we have no official confirmation that an invitation has come, but there are hints that they are going, which means that they will leave, which means either the invitation is already here or it is imminent. Papoulias may bring it.

[Announcer] Thank you.

Call Approval 'National Suicide'

LD2807192194 Belgrade TANJUG in English 1902 GMT 28 Jul 94

["Pool" item]

[Text] Sarajevo, July 28 (TANJUG)—The Bosnian Serb parliament on Thursday assessed that an approval of the incomplete "Contact Group" plan for Bosnia would be an introduction to a national suicide.

"We assure you that we are ready to make any compromise that would not put our survival at risk," the parliament said in letters to Russian President Boris Yeltsin and President of the Yugoslav Republic of Serbia Slobodan Milosevic. The letters were sent after the parliament on Thursday adopted a statement expanding upon its response to the "Contact Group" division plan for Bosnia.

In a declaration adopted by the parliament in response to the Contact Group plan, the Bosnian Serbs had asked to be informed about the details of the plan. "Incomplete maps can be a basis for further work on a territorial delimitation," the Bosnian Serb parliament said but added that it was unable to reach a final decision on other segments of the plan because they had not been presented to it.

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"Our restraint concerning the proposed map is but an expression of insurmountable existential fears," the parliament said in the letters.

On Thursday, the parliament met to reconsider its stand on the Contact Group plan "after our Russian, Greek, British and other friends" suggested so, the letters said.

The parliament offered assurances that it had been "guided by a sincere desire and intention to stop the tragedy of the people and nations in the former Republic of Bosnia-Herzegovina."

"We are fully convinced that a just peace has no alternative," the letters said.

"Had it not been for your recommendations... we would have cancelled all further cooperation with the Contact Group," the parliament said.

It said that the Contact Group had disregarded the Serbs' fears caused by historical experience with their hostile environment and that it had ignored vital Serb interests.

The Contact Group plan for Bosnia, if put into effect, would place the Serbs in the republic of Serb Krajina and the Bosnian Serb republic into a hostile surrounding and face them with a possible deployment of NATO or some other hostile force, the parliament said.

It added that this would be also unacceptable for Russia and Serbia.

"Only a sovereign Serb state with a compact territory and defensible frontiers, guaranteed by Russia and Serbia, i.e. Yugoslavia, could secure the survival of the Serbs west of the River Drina. Anything else would cause further tragedy," the parliament said.

It said it regretted that the Contact Group had declined in the meantime to complete work on the territorial division and to present other segments of the plan.

Krajisnik Writes to Yeltsin

AU2807170394 Paris AFP in English 1638 GMT 28 Jul 94

[Excerpts] Belgrade, July 28 (AFP)—The self-proclaimed Bosnian Serb parliament refused again Thursday [28 July] to give unconditional backing to an international peace plan for Bosnia, and demanded more talks with the contact group which drafted it.

Momcilo Krajisnik, speaker of the Serb assembly, said acceptance of an "imcomplete" peace plan would have marked the start of a "national suicide," the Bosnian Serb news agency SRNA quoted him as saying. [passage omitted]

In a letter to Russian President Boris Yeltsin and his Serbian counterpart Slobodan Milosevic, Krajisnik said the contact group had failed to respond to the Serbs fears or take their "vital interests" into account.

"Only a sovereign nation state, whose integrity would be guaranteed by Russia and (the rump) Yugoslavia (of Serbia and Montenegro) can ensure the survival of the Bosnian Serbs," Krajisnik said.

"Our reticence over the proposed maps is merely the manifestation of fears for our very existence," the letter added.

The debate by the Serb assembly followed a bid by Russian Defence Minister Pavel Grachev and special Russian envoy on ex-Yugoslavia Vitaliy Churkin to bring the Serbs around to the plan in meetings in Belgrade Tuesday and Wednesday. [passage omitted]

Silajdzic Urges UN To Accept Responsibility

AU2807210894 Vienna ORF Television Network in German 2008 GMT 28 Jul 94

[Telephone interview with Bosnian Prime Minister Haris Silajdzic in Sarajevo by Robert Hochner in Vienna; Silajdzic statements in English with superimposed German translation—live]

[Text] [Hochner] I now welcome Bosnian Prime Minister Haris Silajdzic in Sarajevo. Good evening, Mr. Prime Minister. The Serbs have threatened to block the connections to Sarajevo. Yesterday there was an attack on a United Nations convoy. What is the situation like in Sarajevo today?

[Silajdzic] Sarajevo is once again cut off almost completely from the world. The aggressor is shooting at our aircraft. And it seems as if the aggressor wants to cut off Sarajevo once again, thus practically stopping the peace process in Geneva. They can destroy and kill all of Bosnia, including Sarajevo. And it seems that they are preparing for a big fight.

[Hochner] The Serbs have once again said no to the peace plan. Do you think that the Contact Group will get the Serbs back to the negotiating table and make them accept the peace plan?

[Silajdzic] As you have heard, they have said no again. The Contact Group should acknowledge their saying no. And not just the Contact Group, but the whole international community should understand that they are not ready for peace. The question remains whether the Contact Group will have to take measures now. Regarding economic sanctions against Montenegro and the lifting of the arms embargo, we think that only control of the international borders between Serbia and Montenegro can put end to this war. And we believe that this will happen because of the violence of the international community. [as heard] And measures must be taken at last to control the international borders. This is the key to peace. Unless this is done, the aggression will continue. We hope that the Contact Group will meet in Geneva on Saturday [30 July] and that they will keep up their commitment.

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[Hochner] UN Secretary General Butrus-Ghali has suggested that UN troops should be withdrawn if the West takes military action because he fears that UN troops might become a target of the Serbs. Do you think that the United Nations could remain in Bosnia?

[Silajdzic] It will depend on the decision taken by the Contact Group on controlling forces there. The international community and the Security Council, and the UN Secretary General, are responsible. For two years now, they have allowed the arms embargo against Bosnia. And this enabled the Yugoslav Army to occupy our country and destroy it. It is their responsibility. They cannot dodge it. It is not child's play. So many people have died. I hope that the United Nations and those responsible in the United Nations will accept their responsibility.

[Hochner] Mr. Prime Minister, thank you for the interview.

Sarajevo Radio Updates Overall Casualty Figures

AU2807152394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 28 Jul 94

[Text] Since the beginning of the war, 143,649 people have been killed on the free territories in Bosnia-Herzegovina. Of these, 10,002 people have been killed in Sarajevo alone. Seventy-one civilians have been wounded in the past week, making the total number of wounded during the aggression against Bosnia-Herzegovina over 165,000 wounded, of whom 58,351 people have been wounded in Sarajevo.

Army Suffers 'Heavy Casualties' on Mt. Vlasic

LD2807171194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1123 GMT 28 Jul 94

[Text] Srbobran, 28 Jul (TANJUG)—Units of the Serb army in the Javorka region on the Mount Vlasic front put up a strong defense in thwarting strong attacks by Muslim units, the press center of the 1st Krajina Corps reported today.

The same source said that the enemy was forced to withdraw to its starting position, suffering heavy casualties. However, the Muslims continued with their provocations along the separation line on Mt. Vlasic, using small arms and mortars.

On the Srbobran front the Muslim forces stepped up their provocations along the entire separation line, particularly from the direction of Kamenjas. There were no losses among the Serb defense forces.

Troops Return Fire After Shots Hit UN Vehicle

AU2807165194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 28 Jul 94

[Text] The UN Protection Force [UNPROFOR] Headquarters in Sarajevo assesses that the situation in the capital continues to be tense. Major Eric Chaperon, the peace forces' representative in Sarajevo, said that 435 cease-fire violations had been observed yesterday. Four civilians were wounded by sniper fire in the part of the city controlled by the Bosnia-Herzegovina authorities. [Word indistinct] fire hit a UN High Commissioner for Refugees vehicle and a British armored personnel carrier travelling toward the airport. The British soldiers returned fire, but Major Chaperon did not have information who fired at the (?two vehicles).

Two French Marines Desert, Join Serbian Forces

LD2807181394 Belgrade TANJUG in English 1536 GMT 28 Jul 94

[Text] Belgrade, July 28 (TANJUG)—Two French marines in the United Nations Protection Force [UNPROFOR] temporarily joined the Bosnian Serb forces last week, saying that UNPROFOR was biased in the Bosnian conflict. The Belgrade daily POLITIKA said Thursday the two marines had made a statement on video tape. The marines said they had left their posts in the Bosnian Serb Sarajevo suburb of Rajlovac late last Thursday. They returned to their unit on Monday, after a meeting with French Col. Coiffet, UNPROFOR deputy chief of staff for Bosnia-Herzegovina.

POLITIKA quoted Coiffet as warning the marines at the Bosnian Serb barracks in Lukavica, west of central Sarajevo, that their bank accounts would be blocked and their families would face problems. In their videotaped statement, the two marines said, "we are against Islamic fundamentalists and Arab extremists. They, as you know, are a big problem in France," POLITIKA said. The marines, aged 22 and 23, talked about misconduct by Turkish UNPROFOR troops and complained about concessions made to the Bosnian Moslems by UNPROFOR officers. POLITIKA said the two marines may face a court-martial in France.

Mostar Croats Propose Division of City

LD2807175294 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 28 Jul 94

[Text] Hans Koschnick, the EU [European Union] administrator of Mostar, today began separate talks, expected to last for two days, with representatives of the Croat, Muslim, and Serb people in Mostar. Zdenko Vranjes reports:

[Vranjes] The Croat representatives proposed to Koschnick today that Mostar be divided into several municipalities. Koschnick has not commented on the proposal, on which the Croat side will insist, waiting to see what the Muslim leaders will say about it tomorrow.

The conclusion of the talks between Koschnick and the Croat authorities in Mostar is that the city will be a multicultural community, but that national identities will be fully preserved through culture, education system, and in many other ways.

The Croat side appointed Mladen Alpeza as its representative in the joint EU commission for civilian police in

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Mostar. It will appoint representatives in the advisory council of the EU administration in Mostar on Monday [1 August]. The Croat and Muslim side are to appoint five representatives each to Koschnick's advisory council, the Serb side three, the Jews one, and one will represent other ethnic groups.

Representatives of Serb national communities from west and east Mostar should have appointed their three representatives, but they failed to reach an agreement on this. Serbs from east Mostar are demanding that the representatives be appointed from their part of town, while the Serbs from west Mostar are demanding that two representatives be from west Mostar and one from east, explaining this by the fact that some 3,000 Serbs are left in west Mostar while only several hundred of them are living in the Muslim-held east Mostar.

Shortage of Medics Reported in Herceg-Bosna

94BA0360D Zagreb VJESNIK in Serbo-Croatian 13 Jul 94 p 32

[Article by Goranka Juresko: "News Conference by Ministers of Health of Croatia and Herceg-Bosna: Shortage of Doctors!"]

[Text] *Ministers Hebrang and Sarac appealed to medical personnel, and to unemployed people, to come to the neighboring state. Nova Bila in particular needs help: There, 11,000 patients have been treated and around 2,400 operations have been performed without oxygen equipment and with a wood sterilizer [as published], while the delivery room was in an adjacent saloon.*

Zagreb—There is a shortage of around 195 doctors in Herceg-Bosna, and that is why we are appealing to all doctors who fled Bosnia-Herzegovina while the fighting was going on to return or at least to help the medical personnel in the field for a few months. In addition, we ask that unemployed doctors also report for work in Herceg-Bosna, as well as specialists employed in Croatia. Their assignment to medical institutions will be handled by the Ministry of Health of the republic of Herceg-Bosna. This appeal was made on Tuesday by the minister of health of the Republic of Croatia, Prof. Dr. Andrija Hebrang, and the minister of health of the republic of Herceg-Bosna, Dr. Ivan Sarac, as they told journalists about the current state of affairs in the neighboring state, especially in central Bosnia, where the shortage of personnel is assuming alarming proportions.

In especially short supply are doctors of general medicine, surgeons, anesthesiologists, ophthalmologists, gynecologists, internists, pediatricians, specialists in the ear, nose, and throat, epidemiologists, and psychiatrists. Among health-care personnel who are not doctors, there is a shortage of pharmacists, dentists, medical biochemists, and nurses, Dr. Hebrang emphasized. The enclaves with a predominant Croat population, where 150,000 to 180,000 people live, have been in an especially unenviable situation for nearly two years now; these enclaves are Kiseljak, Kresevo, Busovaca, Novi Travnik, Zepce, and Vitez. The only hospital in that region throughout the entire war was the one at the Franciscan monastery in Nova Bila, where dozens of lives were saved, thanks to the superhuman efforts of the medical staff. Conditions were exceptionally difficult, and the scale of the medical assistance offered is reflected in the fact that 11,000 patients have been treated on wooden benches, and 2,400 operations have been performed without oxygen equipment and with one wood sterilizer; as many as 1,060 operations were performed without an anesthetist. A delivery room is set up in an adjacent saloon, and 670 infants have been born there over the course of a year and a half. Unfortunately, Dr. Hebrang stressed, the departure of a large number of doctors reflects poorly on the medical profession, because they have violated the moral rules and principles of their vocation. That is why they are now called upon to try to help their colleagues in the field at least now that everything is safe and peaceful and safe passage to Herceg-Bosna can be guaranteed.

Minister Sarac emphasized that the Ministry of Health of Herceg-Bosna will continue to function in the transitional period until a government is formed in Sarajevo, and that a health service will be organized throughout the entire territory that it covers. A network of health-care activities is currently being established in this territory.

Dr. Ljuba Djakovic-Puselja discussed the work in Nova Bila, the general outpatient department of which is called on by up to 70 patients a day. She said that she has treated cases that a nonspecialist would certainly refuse under ordinary, normal circumstances. Good fortune watches over the brave, Dr. Djakovic-Puselja believes, and that is why the work at the Franciscan hospital in Nova Bila has been so successful.

At the end of the press conference, it was emphasized that Croatia will help Bosnia-Herzegovina to develop a health-care network in terms of personnel as well, to whatever extent possible.

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Tudjman Remarks on Not Giving Up Occupied Areas

LD2807141094 Belgrade TANJUG in English 1158 GMT 28 Jul 94

[Text] Zagreb, July 28 (TANJUG)—Croatian President Franjo Tudjman has said that Croatia "will never give up its occupied areas."

The Croatian Foreign Ministry said Thursday that Tudjman had sent a message to the heads of state or government of the "Contact Group" for Bosnia-Herzegovina saying that their decisions in Geneva must take into account both the resolution of the crisis in Bosnia and "the reintegration of Croatia's occupied areas into its internationally recognised borders."

Official Zagreb uses the term "occupied areas" for the independent Republic of Serb Krajina, created in 1991 in response to Croatia's secession from the former Yugoslavia and the removal of Serb national and civil rights from the Croatian Constitution.

Tudjman threatened again two days ago that he would use force to impose Croatia's rule in Krajina.

Although the Republic of Serb Krajina was proclaimed a U.N.-protected area in 1992, Croatia has mounted attacks on it and captured some of its parts.

The U.N. peacekeepers in Croatia have been under a blockade for nearly a month. The blockade has formally been organized by Croatian refugees but is strongly backed by official Zagreb, as U.N. spokesman Joe Sills has said on two occasions.

U.N. Protection Force official Alen Roberts said in Knin, the centre of Krajina, Monday that Croatian authorities were directly participating in the blockade of the U.N. peacekeepers.

Government Protests Grachev Visit to Serbs

LD2807145194 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 28 Jul 94

[Text] Minister [for Foreign Affairs] Granic today received the ambassador of the Russian Federation, Leonid Kerestedzhiyants, and presented him with a protest note regarding the visit of the Russian minister of defense, General Pavel Grachev, to the territory of the Republic of Croatia, i.e. to Sector East. Croatia appreciates the efforts Russia and its top officials are investing in finding a peaceful solution to the war in the territory of Croatia and Bosnia-Herzegovina. It also appreciates their activities in the contact group, the Ministry for Foreign Affairs of the Republic of Croatia says, among other things, in its protest note.

The failure of the Russian side to inform in advance the Croatian authorities in an appropriate manner is therefore all the more surprising. The Croatian note particularly protests the fact that the nature of General Grachev's visit was inappropriate and at odds with international norms of courtesy.

Granic Views Butrus-Ghali's Letter on Blockades

LD2807171994 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 28 Jul 94

[Excerpt] UN Secretary General Butrus-Ghali last night sent a letter to the Security Council demanding an end to the blockade of UNPROFOR [UN Protection Force] in Croatia. We asked Mate Granic, Croatian deputy prime minister and foreign minister, to comment on Butrus-Ghali's letter in the light of the 27 July agreement between the Croatian Government and the Croatian Refugee Association:

[Begin Granic recording] I mentioned such a possibility during the course of yesterday's meeting with the refugees. I told them that the UN secretary general would contact the Security Council. Following the agreement reached between the government and refugees and this morning's agreement between UNPROFOR and Mr. Hrvoje Sarinic, president of our commission for liaison with UNPROFOR, and Interior Minister Ivan Jarnjak, I believe that there will be no need for any presidential statement in the Security Council. This means that matters in the Security Council will go no further than a report and a letter from the secretary general.

However—something I also pointed out yesterday—our negotiating position in September will be far more favorable than it ever was.

Two points on the agenda of the UN General Assembly are devoted to Croatia: the situation in the occupied territories, and the reconstruction of the Republic of Croatia. Likewise, the secretary general recently proposed that UNPROFOR's mandate, as it is now, be cancelled, or that it be rendered more effective with regard to both Bosnia-Herzegovina and the Republic of Croatia. [end recording]

We asked Minister Granic whether the UN secretary general demanded that the blockade be lifted at the remaining 14 checkpoints still controlled by the refugees:

[Begin Granic recording] It is certain that UNPROFOR will demand the lifting of the blockade at all of them. However, this morning they accepted in principle the agreement between the government and the refugees. [end recording] [passage omitted]

Granic Receives Envoys of Contact Group Countries

LD2807183694 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 28 Jul 94

[Excerpt] Mate Granic, Croatian deputy prime minister and foreign minister, briefed the ambassadors of the countries members of the Contact Group—whom he received today—on the lifting of the blockade of UNPROFOR [UN Protection Force] checkpoints, which

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they warmly welcomed. As we have already reported, Deputy Prime Minister Granic received U.S., British, German, and Russian ambassadors—Peter Galbraith, Gavin Hewitt, Horst Wiesel, and Leonid Kerestedzhiyants respectively, and French charge d'affaires Jean-Pierre (Thibault). Minister Granic conveyed to his guests the message sent by President Tudjman to the heads of their states on the eve of the meeting of the foreign ministers of the countries members of the Contact Group on 30 July. [passage omitted]

Akashi Welcomes Steps Toward Lifting Blockade

LD2807180794 Belgrade TANJUG in English 1735 GMT 28 Jul 94

["Pool" item]

[Text] Zagreb, July 28 (TANJUG)—United Nations Envoy Yasushi Akashi welcomes the partial raising of the blockade of the U.N. peacekeepers in Croatia, U.N. spokesman here Michael Williams said on Thursday.

He said it was in Akashi's view the first step towards lifting the blockade of all checkpoints of the U.N. Protection Force (UNPROFOR) on the boundary with the Republic of Serb Krajina.

Williams told a press conference that Akashi would at once inform U.N. Secretary-General Butrus Butrus-Ghali about the new situation.

In his earlier letter to the secretary-general, Akashi protested against the blockade of U.N. peacekeepers in Croatia, which began on July 1.

The Croatian Government on Wednesday decided to take over seven checkpoints on the demarcation line with the Republic of Serb Krajina.

The blockade is maintained by Croatian refugees but with direct support from the Zagreb authorities.

UNPROFOR is expected to demand the opening of all 19 checkpoints on the Krajina border, as provided under the agreement on ending hostilities with Krajina which was signed at the Russian embassy in Zagreb late in March.

The raising of the blockade at seven checkpoints followed a U.N. warning that the Security Council would condemn Croatia's behavior towards UNPROFOR.

The Croatian Government decided that all UNPROFOR convoys heading for Krajina would be subject to control by Croatian police.

Williams said UNPROFOR was not opposed to undertaking the obligation to announce convoys in advance and hand over lists of goods to Croatian authorities.

Asked whether control of convoys would be allowed, Williams said that the matter would be decided on the basis of the Zagreb agreement signed on March 29 and the U.N. general practice in peacekeeping actions.

This is believed to be an indication that UNPROFOR would not allow the checking of the content of its convoys because it is not planned under the Zagreb agreement.

Serbs Report Croatian Troop Concentrations

LD2907112694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1047 GMT 29 Jul 94

[Excerpt] Banja Luka, 29 Jul (TANJUG)—It has been learned from reliable military sources in Banja Luka that increased concentration of regular troops of the Republic of Croatia has recently been registered along the borders with the Serb krajinas. According to the same source, a special center for the training of special units has been established in Karlovac. A group currently undergoing the training should finish their course by 30 August. [passage omitted]

Valentic Holds Talks With Slovak Minister

LD2907110394 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 29 Jul 94

[Text] Prime Minister Nikica Valentic has held talks in Zagreb with Slovak Foreign Minister Eduard Kukan, who is on a two-day visit to the Republic of Croatia. They discussed possibilities of improving economic relations, which, unlike the political relations, are not on a satisfactory level.

They discussed in particular the resumption of oil supplies through the Adriatic pipeline, in which, Foreign Minister Kukan said, the Slovak Republic is specially interested. Prime Minister Valentic stressed the strategic importance of the Adriatic pipeline for the countries of central Europe. He added that the pipeline is technically in good order and that its reopening depends mostly on a political solution with Serbia.

After the talks with Prime Minister Valentic, the Slovak foreign minister left for Brioni, where he will be received by President Tudjman.

Poll Notes Support for Parties, Confederation

AU2907103294

[Editorial Report] Zagreb GLOBUS in Serbo-Croatian on 29 July on page 7 carries a Snjezana Beros report that reviews the results of a public opinion poll on the popularity of Croatian politicians and political parties. According to the author, the poll was carried out on 24 July and involved 765 pollees throughout the country.

As the articles says, the poll has shown that "at the presidential elections in our republic, had they been held now, Dr. Franjo Tudjman and Drazen Budisa would have won the highest number of votes," while the present "ruling party [the Croatian Democratic Community—HDZ]" would win the most votes at the parliamentary elections.

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An accompanying bar chart shows that Franjo Tudjman won 41.2 percent of the votes, as opposed to 43.1 percent of votes won at the previous 3 July poll, while Drazen Budisa won 25.7 percent of votes versus 28.1 percent won at the previous poll.

The author observers that among the political parties "the HSP [Croatian Rights' Party] noted the biggest increase in votes." As a bar chart shows, this party won 7.6 percent of votes at this and 5.3 percent of votes at the previous poll. The leading political party remains the HDZ with 35.3 percent of votes, followed by the Croatian Social Democratic Party [HSLS] with 30.6 percent of votes. While the HDZ suffered a minor drop of 0.8 percent at this poll, the popularity of the HSLS increased by 1.9 percent in comparison to the 3 July poll.

Regarding the proposal for Croatia's confederation with Bosnia-Herzegovina, the author observes that "the citizens gave somewhat fewer votes to the confederation with Bosnia-Herzegovina, however there were also fewer undecided votes." An accompanying pie chart illustrates that 25.1 percent support the confederation, 43.7 percent oppose it, 24.2 percent are undecided, while 7 percent would not take part in the referendum on confederation.

Parliament Official on UNPROFOR Status

AU2807184094 Rijeka NOVI LIST in Serbo-Croatian 24 Jul 94 p 9

[Interview with Dr. Zarko Domljan, deputy chairman of parliament, by Gordana Simonovic; place and date not given: "Clear Messages to the Peace Forces"]

[Text] After the two-day discussion on the status of UN peace forces in Croatia at the session of the Chamber of Representatives was ended by accepting the resolution that announces that UNPROFOR presence under this mandate will be cancelled, we asked Dr. Zarko Domljan, deputy chairman of parliament and a prominent member of the HDZ [Croatian Democratic Community] what Croatia's future will be like without the UN forces.

[Domljan] There have been many speculations about this possibility, but personally I do not believe that the presence of UNPROFOR will be cancelled. I am more inclined to say that a certain progress will be made—that is, that there will be a new quality to their mandate.

[Simonovic] Which quality?

[Domljan] That, apart from keeping peace, they can impose peace to a certain extent, or at least try to actualize what they are obliged to through political means, if not military. They are obliged to implement all the UN Security Council resolutions. We are now faced with the situation in which UNPROFOR has not actualized any of the tasks for which they were sent to Croatia, except for the initial success in the JNA [Yugoslav People's Army] withdrawing and the partial cessation of hostilities. Moreover, nothing has been done concerning the additional tasks contained in nearly a hundred resolutions. If we were to make a balance of the peace forces, it would be absolutely negative, and in light of this judgment, we must seriously consider whether we will extend this UNPROFOR mandate after 30 September.

[Simonovic] The UN secretary general's special envoy, Mr. Akashi, has clearly stated that the Security Council does not wish to violate the sovereignty of Croatia—that is, if parliament and the government pass the decision to cancel the hospitality to UNPROFOR, they will withdraw. What would this mean for Croatia at this moment?

[Domljan] The so-called Krajina, or rather the occupied territories in Croatia, would be left without the protection of the peace forces. The peace forces are currently protecting the illegitimate authorities that are not prepared to negotiate, that have not shown any willingness to search for a solution, and that do not allow the return of the refugees—moreover, they continue to carry out ethnic cleansing and simply block Croatia's economic life. Croatia really does not need the peace forces to protect this abnormal situation.

Through Concessions Toward Peace

[Simonovic] The Croatian authorities should make the final decision in September. Parliament has entrusted the government and all the negotiators to coordinate future steps with the accepted resolution. Will parliament make any other moves concerning UNPROFOR?

[Domljan] The resolution accepted by parliament states that, within the following two months, we would keep up with their activities—that is, see if they have changed anything in the way they operate. They undoubtedly understand the messages of the refugee protests, the positions of the public, and parliament. If they act upon these very clear messages, there will be some progress, or at least their actions will change. In that case, the Croatian authorities, as well as parliament, would certainly extend their mandate conditionally by a month, two months, or even three in order to facilitate a positive development of the situation in the country.

[Simonovic] What if there is no progress?

[Domljan] If there are no changes, I do not think we will have any other choice but to cancel their stay in Croatia.

[Simonovic] It has been stated during the discussion that cancelling the hospitality to UNPROFOR would imply the war option, in which neither the situation in the armed forces nor the international situation are favorable for us.

[Domljan] Cancelling the presence of UNPROFOR does not necessarily imply the war option. As we have brought up the war option, it should be said that this is not a matter of war between two states, but only of limited actions of police forces in establishing order in one state. At the moment, we have disorder in the state that we cannot resolve because of the presence of the peace

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forces. If they left, the conditions would emerge for facilitating the normal functioning of the Croatian state through limited police actions where necessary.

Whether this will be done and when will also depend on whether with the UN forces leaving the rebel Serbs become more flexible in negotiations, as we will certainly put maximum efforts into resolving the present situation in a peaceful and political way. We will do the best we can, including many concessions, but we cannot give up on the integrity of the Croatian territory and sovereignty in the entire area.

Legal Status of UNPROFOR Unresolved

[Simonovic] Ambassadors of the United States and Germany to Croatia, as well as some representatives of international institutions, have appealed to Zagreb to be patient. Is there any more patience in the political circles since it is obvious that the refugees have run out of patience completely?

[Domljan] They have appealed to patience regarding the possible limited police actions at the occupied territories. They should also be asked to have understanding for the 250,000 refugees who have not been able to go to their homes for four years and for those who have still not received any information about the missing, captured, or killed members of their families. Therefore, it is not Croatia that is doing something that is not in accordance with the democratic procedures but those who occupied parts of its territory, who have been obstructing investigations, as was the case with Ovcara, or mining the water supply system at Kakma.

[Simonovic] Even after this two-day discussion, it is still unclear why the authorities agreed to this UNPROFOR mandate, with which everyone is dissatisfied and because of which some of the ministers in the Government of Democratic Unity resigned as early as two years ago, since, as Tomac and Budisa have said, there was a danger of Croatia becoming "cypricized".

[Domljan] Everyone is clever afterwards and everyone is a general after the battle, but, in the situation in which Dubrovnik was bombed and when Vukovar was falling in 1991, it was necessary to determine what should be done and how. The arrival of UNPROFOR suited Croatia then, and it should also not be forgotten that the international recognition of Croatia also depended on the consent for the UNPROFOR arrival.

It was a complex decision upon which it is now easy to debate and draw political use for one's party. In late 1991—that is, until the recognition on 15 January 1992—it was very useful for Croatia to accept the peace forces with a limited mandate, but let us not forget that their stay has since been extended four or five times, and that, in the meantime, they were assigned additional tasks. We should not forget that they did not even come to Croatia but to the territory of some Yugoslavia, and, that up to the present day, their status in our country has in a certain sense been illegal—it is a status in which they are tolerated but which, from the point of view of international law, has not been resolved at all, and, in a strict sense, they would not have the right to be in a sovereign country that is a UN member.

[Simonovic] Apart from inefficiency, UNPROFOR has, both in the refugee protests and in the parliament discussion, been particularly reproached for taking part in various illegalities, including the blackmarketing of gas, cigarettes, and other goods. However, Mr. Matekovic, the representative of the Refugee Association, stated at the session that refugees have witnessed that, at one of the UNPA [United Nations Protected Area] checkpoints, the policemen said that the government had approved that a certain quantity of fuel be taken to the occupied territories for the sowing.

[Domljan] That is correct, and this is why one of the items in our resolution is the demand that the government control the flow of goods and people through the so-called UNPA's, as it has been noticed that a lot more goods have been taken there than are necessary to meet the needs of the people there and to cover the supply of the UN units. It is clear that the goods that enter the area afterwards have the open way toward Bosnia and Serbia, and Croatia is, because of its own interests, but also because of the sanctions imposed on Serbia and Montenegro, obliged to control these crossings. These stories have certainly been exaggerated, but it is necessary that all the goods traffic be controlled by the Croatian authorities, as UNPROFOR cannot be allowed to do whatever it wants in Croatia while being exempt from the constitutional and legal system of Croatia.

There Is No Other Parliament

[Simonovic] As deputy parliament chairman and an influential member of the HDZ who has participated in the negotiations aimed at overcoming the present parliamentary crisis, what is your estimate of the chances for achieving an inter-party agreement and making joint decisions on the UNPROFOR status?

[Domljan] It would certainly be desirable that the opposition parties that have been boycotting the parliament sessions participate in the parliament activities concerning this important decision. I hope that a reasonable solution will be found, as I see no reason for their absence in the future, and this form of protest would make sense if there existed some other parliament. However, there is no other parliament, and regardless of whether you like or dislike the person who heads it, you must be there if you want to be politically active. It seems to me that all those who did not participate in the discussion of the UNPROFOR mandate have done a great political damage.

[Simonovic] Your comparison of the meetings of the clubs of the opposition and independent representatives concerning the UNPROFOR mandate with the Serb meeting in Srb has stirred up reactions both because of

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the comparison itself and because of your role in the negotiations with the opposition.

[Domljan] I did not compare the opposition with the meeting in Srb. I said that the attempt to create a parallel parliament could have certain unpleasant connotations, and if there was such an idea, everything should be done to avoid negative associations with the abovementioned meeting in Srb. Although this was said at an internal meeting, correspondents asked Budisa to comment on the statement, and, in a telephone conversation that followed, I explained to him that the opposition parties that have been obstructing parliament's activities should make sure that the mere announcement of holding a parallel parliament session does not provoke associations with the meeting, which could be unpleasant for these parties.

'Disorder and Chaos' in Baranja, RSK

94BA0360C Zagreb VJESNIK in Serbo-Croatian 13 Jul 94 p 6

[Article by Mirko Sajler: "Increasing Dissatisfaction in 'Republic of Serbian Krajina': Armed Gangs Laying Waste to Baranja"]

[Text] *Disorder and chaos have forced the "president" and "prime minister" of the "RSK" [republic of Serbian Krajina] to announce a campaign against looters, murderers, and terrorists.*

Osijek—The self-proclaimed president and "prime minister" of the so-called Serbian republic of Krajina, Milan Martic and Boro Mikelic, visited Baranja on Monday where after reviewing paramilitary units they held a news conference. On that occasion, Martic said this, among other things: "Baranja is ours now, and will always remain part of our state."

Nevertheless, it could be discerned from the questions asked by Serb journalists and the responses provided by Martic and Mikelic that Baranja is actually in a state of genuine chaos. Brigand groups are killing, raping, and looting. Martic said that this evil must be halted because without safety for the citizens and a functioning legal system, the secure defense of Baranja, as he put it, is not possible either. Citizens have learned from the Serb TV station in Beli Monastir of the arrest of a group that has murdered, plundered, and terrorized primarily helpless citizens. Members of that group have been sentenced to prison terms of six to 20 years. Such campaigns must be continued, Martic said, because there are more brigand groups that are laying waste not only to Baranja, but also to other parts of the so-called Serbian republic of Krajina. Martic said that Serbs have been the victims in some cases, which comes as no surprise since there are no others there.

There is also a great deal of dissatisfaction in the paramilitary units of the so-called Serbian republic of Krajina in Baranja. The basic cause of this is irregular and low pay. That is why the ranks of the "Serb armed forces" have become a source for recruiting riff-raff, who have begun to steal from the people, taking livestock from pens and stables and plundering everything of value from houses. For that reason, as "commander in chief" Martic promised that the material situation of his "armed forces" will improve considerably in the coming days.

In addition, Martic has his own assessment of the UNPROFOR [UN Protection Forces] blockade by Croat displaced persons: "The ustasha authorities continue to demonstrate that they are not for peace. UNPROFOR is honorably performing its duty and should remain at the dividing line between our two states...."

Veterans Seek Exemptions, More Rights

94BA0360B Zagreb VJESNIK in Serbo-Croatian 14 Jul 94 p 8

[Article by Helena Braut: "Veterans of Homeland War Seek Greater Societal Respect: Ministry for Veterans Too?"]

[Text] *The Association of Croatian Veterans proposes exemptions that could help with reintegration into civilian life.*

Zagreb—The Association of Croatian Veterans of the Homeland War is an organization that attends to the psychosocial health and economic difficulties of Croatian defenders upon their return to civilian life. Unlike similar groups, this association brings together individuals who, based on their expertise, can help with specific problems of war veterans.

Ongoing surveys that have been conducted indicate disastrous facts: More than 40 percent of war veterans have significant problems fitting in with civilian life; approximately the same percentage feels that they lost a great deal from their lengthy stay at the front—either in the economic sense or in their position at the work place; in addition, there is still a large number of unemployed veterans. It is also important to note that more than 28 percent of returnees from the war have problems with their spouses, which aside from the "Vietnam syndrome" is one of the most common reasons that they seek assistance from medical, legal, and social services.

"In normally structured armies, demobilization is a complex procedure, and a soldier is subjected to high-quality so-called decompression before going home. In our country, it is common for our defenders to be reinforced and motivated by the idea of defending their country, which is proper, because that is the only way that they can withstand the much stronger enemy forces. However, that does not keep them from experiencing a sort of demobilization shock," explains Herman Vukusic, the general secretary of the Association of Croatian Veterans of the Homeland War.

Thus far, the Croatian Government has not done much to solve the problems of war veterans. "The enacted Law

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on the Rights of Croatian Defenders of the Homeland War did not impose sanctions on those institutions that do not comply with that law, nor have any decrees been signed for implementing that law," Herman Vukusic adds.

Taking all this into account, the Association of Croatian Veterans of the Homeland War adopted the Declaration on Veterans of the Homeland War on 12 March of this year. The declaration begins by explaining the concept of "war veteran," which has been inadequately clarified in our country. Thus, the war veteran is not an elderly, retired soldier, but rather a warrior whose war experience is his greatest quality. This is also the population that through its involvement in the war, through its subjection to mortal danger, injuries, and invalidity, is more willing than other citizens to uphold certain societal interests.

In the declaration, the veterans also call for certain privileges that they feel they have the right to demand, given their wartime activity. The most important ones are: priority in hiring for one year; resolution of the housing question; various tax and social exemptions; health care, rehabilitation, and social reintegration; educational and additional training opportunities; and funeral benefits.

Since the current Law on the Rights of Croatian Defenders of the Homeland War—unlike ordinances on veterans in other countries—does not include certain important privileges, the declaration also stressed the need for graduate and undergraduate stipends, the right to housing loans, and discounts on purchase of stock in state property. The declaration also proposes the formation of an agency or ministry for veterans, which would consolidate the current activities of four different ministries, two government agencies, and several government and parliamentary commissions.

The Croatian veterans of the homeland war also propose the establishment of a coordinating body made up of representatives of associations concerned with similar problems—the Association of Croatian Volunteers of the Homeland War, the Alliance of Croatian Military Invalids, and the Society of Widows of the Homeland War—which would improve the currently weak coordination in carrying out joint actions aimed at the state and the Croatian and foreign public.

'Sin Tax' Levied on FERAL TRIBUNE

94BA0360A Zagreb VJESNIK in Serbo-Croatian 14 Jul 94 p 5

[Article by V. Antonic: "FERAL TRIBUNE Must Pay Excise Tax as of 1 July: FERAL Passes as Porn"]

[Text] Zagreb—"The declarations by some of the leaders of the ruling party to the effect that the magazine FERAL TRIBUNE will be 'brought under control by legal means' is finally becoming a reality in the most drastic way possible. Through its Opinion of 1 July of this year, signed by Minister Vesna Girardi-Jurkic, the Ministry of Culture and Education of the Republic of Croatia has made FERAL liable for payment of excise tax, a levy paid only by pornographic publications in Croatia. In this way—given the obligation to surrender to the state a draconian 50 percent of total revenues—the magazine faces financial ruin and the impossibility of continued publication."

This was the emphasis of an announcement sent to the VJESNIK editorial staff by the editorial staff of FERAL TRIBUNE. FERAL also attached the Opinion of the Minister of Culture and Education referred to in the announcement.

The Opinion states that "exemption from the excise tax was granted after it was established that the printed publication FERAL TRIBUNE is properly entered in the registry of the Minister of Culture and Education," while the "statement for its registration also specifies the publication's content: satire, politics, economics, culture, and sports." It is further stressed "that since its entry in the registry of the Ministry of Culture, or rather since the issuance of the Opinion under which FERAL TRIBUNE is exempted from the excise tax, the concept and contents have changed significantly, and the preconditions on the basis of which said publication can continue to be exempted from the excise tax have ceased to exist. Thus, the previously issued Opinion is rescinded, and under the new opinion the publisher, MAR-Consult d.o.o. Split is obligated to pay excise tax on publication of FERAL TRIBUNE."

However, in their announcement, the staff of FERAL TRIBUNE alleges that this is a "cynical explanation" and emphasizes that there is no mention of "what the preconditions in the significantly changed concept and content are that would impose on FERAL the notorious sin tax that is a remnant of communism."

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UN Envoy Mazowiecki Meets With Crvenkovski

AU2907080894 Skopje MILS-NEWS in English 29 Jul 94

[Text] Macedonian Prime Minister Branko Crvenkovski received yesterday UN secretary general's special envoy for the former Yugoslavia Tadeusz Mazowiecki. They exchanged ideas on the current political and military situation in the former Yugoslavia. In this context, it was pointed out Macedonia [The Former Yugoslav Republic of Macedonia, FYROM] succeeded in preserving the peace with the help of the international community but is still a high-risk region. Therefore, both sides stressed the need of yet further support, especially in the economy. They agreed the Greek-imposed embargo presents a danger, not only for Macedonia but also for EU's principles. The talks also included current relations between the Macedonia and Serbian churches.

Mazowiecki was also received by Interior Minister Ljubomir Frckovski and Minister of Justice Tuse Gosev.

Mr. Mazowiecki was informed on the situation regarding the latest census and the Law on Citizenship as well as on efforts to grant independence to the judicial system. It was also pointed out the Ministry of Interior presently increases the number of employees of other nationalities, planning to raise their number up to 15 to 20 percent of the total number of ministry employees.

Meets Ministers

LD2807202094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1951 GMT 28 Jul 94

[Text] Skopje, 28 Jul (TANJUG)—Macedonian Prime Minister Branko Crvenkovski today received Tadeusz Mazowiecki, the special UN envoy for former Yugoslavia, who arrived in Macedonia [The Former Yugoslav Republic of Macedonia, FYROM] last night, it was announced in Skopje this evening. Mazowiecki was briefed during the meeting about relations between the Serbian and Macedonian Orthodox churches.

Mazowiecki was received today by Interior Minister Ljubomir Frckovski and Justice and Administration Minister Tuse Gosev. In his talks with the two ministers Mazowiecki expressed his interest in the citizenship law and the extraordinary population census completed at the beginning of this month in this Republic.

It was announced that Mazowiecki is also scheduled to meet the representatives of certain national parties in this Republic.

Foreign Minister on 'Very Useful' Visit to Egypt

AU2907075894 Skopje MILS-NEWS in English 29 Jul 94

[Unattributed report: "Successful Talks in Egypt"]

[Text] Macedonian Foreign Minister Stevo Crvenkovski returned yesterday from his two-day visit to Egypt. He stated for the press his talks with the Egyptian counterpart proved very useful. The mutual conclusion was the two countries share similar views on main issues concerning Macedonia [The Former Yugoslav Republic of Macedonia, FYROM] and Egypt. The two ministers agreed to adjust the bilateral agreements valid before the disintegration of former Yugoslavia to the new conditions, and new agreements were signed. Macedonia was invited to take part in Mediterranean countries' activities, which was accepted with pleasure. The two countries also agreed on the fact no obstacles exist to establish mutual diplomatic relations in the nearest future. Talks with the Egyptian minister of trade focused on possible ways to widen mutual trade relations and Macedonia's interest to establish a closer co-operation with Arab countries was pointed out during talks with the Arab League.

Commentary on 'Undemocratic' Methods in Bulgaria

AU2907084494 Skopje NOVA MAKEDONIJA in Macedonian 28 Jul 94 p 2

[Commentary by Vladimir Tulevski: "Macedonians—With or Without a Passport"]

[Text] The leader of the United Macedonian Organization [OMO] "Ilinden," Jordan Kostandinov Ivanov, has recently been without a passport. His passport was taken away by the Bulgarian authorities, who have, thus, again demonstrated their power by using the same undemocratic activities against representatives of the Macedonian national minority in Bulgaria, incapable of facing itself with the fact that there are Macedonians living and struggling for their human rights in Pirin Macedonia and at large, within the borders of our eastern neighbor, although they are not noted as such in the statistics.

It is good that Jordan Kostandinov Ivanov is still safe and sound in a system of democracy like the Bulgarian, where matters are being settled with the help of a cudgel and the purity of the state is being built by well-defined totalitarian principles. It is really good for the hundreds of thousands of Macedonians to be submitted to measures intended to make them second-class citizens, because it could have been even worse. For example, someone could have thought of rusty barbed wire and then found locations in which those Macedonians who refused to be forced to declare themselves to be Bulgarians would live the lives of dogs, outside the civilized world.

This is not the first time that passports have been taken away from members of OMO "Ilinden" and it has become common practice in the last few years since the affirmation of the organization of the Macedonians in Pirin Macedonia. They have affirmed themselves by calling for the respect and recognition of minority rights throughout the world and in all international associations. Normally, the police undertake similar actions whenever some special events take place in Macedonia

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[The Former Yugoslav Republic of Macedonia, FYROM], such as the major national festivities or holidays, such as the forthcoming Ilinden [2 August holiday] and the 50th anniversary of ASNOM [Anti-Fascist Assembly of the People's Liberation of Macedonia], which are occasions of dignity and respect for the Macedonian people.

Regardless of how, why, and in what manner the Bulgarian authorities react, the essence of the problem is clear and the explanations, as when the passport of the leader of the OMO "Ilinden" was taken away, are totally unnecessary: "We are limiting your freedom of movement because you are organizing rallies and forcing Bulgarians to declare themselves Macedonians." It shows precisely what brings about the retaliation and how the current Bulgarian policy is settling accounts with everything that does not correspond to its concept of restraining all those who do not feel themselves to be Bulgarians.

Unfortunately, on this occasion, it was demonstrated that the policy of denationalization that was long ago conceptualized in the Bulgarian court is still being implemented as the only aspect of party consensus among the controversial and confrontational parties on the modern Bulgarian political scene. It is obvious that there are no democratic processes, realities, or truths that can match the nationalist and chauvinist passions.

Normally, in correlation with such events, we must again conclude that the official Bulgarian Government is hypocritical. In making efforts to achieve a greater international reputation it is advocating democracy everywhere except in its own backyard, where it is sweeping away with a big broom anything that is not in its favor, no matter how much it is actually violating basic human rights and civilized achievements; contradicting its signatures on the CSCE documents, Vienna agreements, and a number of other important acts. And this is not all: Its hypocrisy does not make it blush when it verbally expresses the wish for good neighboring relations with Macedonia and for the development of relations on a broad plan, on the premise of a stable Balkans, while in practice it is undertaking actions that do not differ from the Zhivkov period—a system in which the most brutal methods were used to wipe the Macedonian national minority off the ethnic map.

We do not have to remind Sofia's authorities that the Macedonians in Bulgaria, whose identity has not been lost over the past 100 years, will remain Macedonians with or without a passport—asking for nothing more than to be loyal Bulgarian citizens, but not neing afraid to declare their nationality.

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Federal

Government: UN War Crimes Tribunal Unwarranted

LD2807223694 Belgrade TANJUG in English 2225 GMT 28 Jul 94

[Text] Belgrade, July 28 (TANJUG)—The Yugoslav Government reiterated Thursday its position that the United Nations Security Council had no right to set up a war crimes tribunal for former Yugoslavia.

The same position was taken in March 1993, before the Security Council had voted in place the statute of the international tribunal for crimes committed against international humanitarian law in former Yugoslavia since 1991, said Assistant Foreign Minister Miodrag Matic.

The government took the position that the Yugoslav judiciary is fully authorised to deal with perpetrators of these crimes under its legal system which is in line with international law.

Pressure on the Yugoslav Federation of Serbia and Montenegro proceeds from the falacy that Yugoslavia is to blame for war and all crimes, Mitic told a press conference here.

Since the war has not been waged in Yugoslav territory, Yugoslavia's only international obligation is to investigate the culpability of persons who are in Yugoslav territory and are Yugoslav nationals, he specified.

He explained that, contrary to the principle of universality, the tribunal has been set up to deal with crimes committed only in former Yugoslavia, and not those committed in other countries, although numerous wars have been waged (?in) the world in the past 50 years.

Bosnian Serbs Should Be in Succession Group

LD2807200794 Belgrade TANJUG in English 1921 GMT 28 Jul 94

[Text] Belgrade, July 28 (TANJUG)—The Government of the Federal Republic of Yugoslavia said Thursday it would be useful if Bosnian Serb representatives were included in the Succession Group of the International Conference on Former Yugoslavia.

As legitimate representatives of the Bosnian Serb republic are not included in the organs of the Moslem-Croat government in Sarajevo, the Bosnian Serbs have so far been deprived of a chance to defend their interests on the Succession Group, the government said in a statement released from the session.

The working group for succession of the international conference for former Yugoslavia includes representatives of the governments of all former Yugoslav republics.

The Bosnian Serbs are not represented on the body because they abandoned the Sarajevo government after its Moslem and Croat members proclaimed Bosnia's independence and the international community on April 7, 1992 recognized its unilateral secession from the former Yugoslavia.

Simic on Bosnian Serbs, FRY Succession

LD2807220594 Belgrade TANJUG in English 2145 GMT 28 Jul 94

[Text] Belgrade, July 28 (TANJUG)—Yugoslav Vice-Premier Zeljko Simic said Thursday there were no legal grounds for the delegation of Bosnia-Herzegovina to represent entire Bosnia-Herzegovina and the Bosnian Serbs in the task force on succession to former Yugoslavia.

Bosnian Serbs are a constituent nation in Bosnia and as such must participate in the work of the succession task force of the international conference on former Yugoslavia, explained Simic.

Speaking at a press conference in Belgrade, he warned key international factors involved in the efforts to solve the crisis in former Yugoslavia that this kind of treatment of the Bosnian Serbs had placed the conference in an absurd position.

The premature recognition of Bosnia-Herzegovina as an independent and sovereign state has deprived the local Serbs of legitimate representation in the talks, a fact which might have far-reaching consequences, Simic explained.

At its session Thursday, the Yugoslav Government said that Bosnian Serb representatives had a legitimate right to take part in the talks, being a constituent nation in Bosnia, although this status has been taken away from them overnight, he said.

The Bosnian Serbs are fighting to retain this status, he added.

Government representatives of all six republics of the former Yugoslav Federation are represented in the succession task force.

The Bosnian Serbs have been deprived of representation in this body, having stepped out of the Moslem-Croat government in Sarajevo after the international community condoned the violent secession of that former Yugoslav republic by recognising it on April 7, 1992.

Bosnian Moslems and Croats, under pressure from Washington, formed a binational federation in the spring. The Bosnian Serbs were completely bypassed in the process of its creation.

Central Bank Stops Financing State Budgets

AU2807120394 Belgrade BORBA in Serbo-Croatian 25 Jul 94 p 11

[Report by Bojana Jager: "Problematic Filling of the Federal Cash-Box"]

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[Text] The new dinar was put into circulation six months ago, designed to feed the hungry accounts of state budgets in the first place. At the time, a total of 522.6 million dinars were issued, covered by hard currencies and gold. On Friday, National Bank of Yugoslavia Governor [Dragoslav] Avramovic gave the last 54.5-million-dinar slice of the last financial portion that had been approved for the federal and republican budgets in mid-July. The National Bank has thereby said a definite "No more!" to the state financial institutions, suggesting that all three states [Serbia, Montenegro, and the FRY] should fill their empty cash boxes in the way that is usual in all the healthy economic systems—by taking loans on the financial market, running a modern taxation system, and wisely managing the commodity reserves.

This step by Governor Avramovic was made possible primarily owing to the fiscal revenues meant for financing the public spending that—except, unfortunately, for those that fill the federal cash box—have shown a far more favorable trend than was planned early on, of course, at the price of a huge burden of taxation on the economy, which brings about negative consequences.

What Should Be Done With Reserves?

The three states have reacted differently to the financial divorce with the central bank. Through a consolidated balance, the extent of this year's public spending in the FRY has been set at 7.147 billion dinars. Furthermore, the federal budget has been planned at 1.675 billion dinars; for the public spending in Montenegro it has been allotted 501 million dinars, while, after the restriction, the budget of Serbia has been set at 2.86 billion dinars. Serbia has reduced its public expenditure by a praiseworthy 30 percent, the deficit by 60 percent, while the planned quota of loans taken from the primary issue of money has been used up by 25 percent only. In view of such figures, Slobodan Radulovic, deputy prime minister of the [Serbian] republican government recently criticized Federal Prime Minister Kontic, pointing out that the Federal Government has not yet done anything to either diminish its deficit or to balance its finances.

In Serbia, it was also announced publicly that from Avramovic's famous 24 July on, not a single state commitment will be financed on the basis of deficit and the primary issue of money. So far, there has not been any comment from Montenegro, but it is known that this republic is supposed to make a balance of finances sometime around now, while the news is assuming a critical weight for the Federal Government. This is confirmed by the data showing that the basic federal public revenues collected in the period from January to June add up to a mere 531.6 million dinars, which is only one third of the total budget expenditure of the federal state this year. That is to say, the problem of financing the federal state will become even more serious in the future. Rumors say that the issue will be discussed at the meeting of the three prime ministers, while some experts are already pointing to the need for the reapportionment of some basic revenues between the three states's cash-boxes.

What are the realistic possibilities for the federal state to apply Avramovic's formula in its future financing? BORBA has already reported about the consideration by the Federal Government to launch new federal bonds on the market in August, but the governor warned beforehand that interest rates must be adequately high and that none of those loans can pass without his special approval. As for taxes, it is known that "coordinator" [FRY Deputy Prime Minister] Nikola Sainovic was appointed in the Federal Government precisely to work out a modern taxation system. These days, however, Avramovic is praising someone else for the efficiency in collecting taxes: Mihalj Kertes, whom he says that he has tripled the customs revenue since he started managing the Federal Customs Administration.

Expecting Reconstruction

When speaking of the federal commodity reserves, 167.5 million dinars were expected to pour into the federal budget as result of their sale, and it was expected that almost one-third of the planned budget deficit would be covered in such a way. Two months ago, the Federal Government made the decision that the first portion of 50 million dinars is to be collected in such a way. However, the deadline has just expired, while the Federal Direction for Commodity Reserves [FDCR] only managed to collect 21.9 million dinars by mid-July.

Dr. Avramovic has recently criticized the federal administration for the slow sale of reserves, which stretched to this year's harvest of wheat. However, it seems that it was much easier to give advice than to follow it. According to Milos Sepic, aide to the director of the FDCR, the cause of the slow sale of reserves lies in the lack of money in firms and banks. So even deficit products, such as cotton, wool, rubber, maize, sugar, and so forth, are difficult to sell. To corroborate this assertion, Sepic says that even business banks that gave guarantees or approved loans for the redemption of goods taken from the reserves, could not pay their commitments to the FDCR.

From this point of view, it seems that the federal budget will not benefit much. To what extent the financial balance of the federal cash-box will be achieved through other revenue sources will be seen as soon as Sainovic announces the results of the reconstruction of the federal administration that is going on at present.

Serbia

Greek Foreign Minister Meets With Milosevic

NC2907090394 Athens Elliniki Radhiofonia Radio Network in Greek 0400 GMT 29 Jul 94

[Text] Foreign Minister Karolos Papoulias and Serbian President Slobodan Milosevic held lengthy talks last

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night in Belgrade. The meeting was held within the framework of the latest peace effort undertaken by Greece before the foreign ministers of the contact group confer in Geneva on Saturday to decide on the position they will maintain toward the Bosnian Serbs.

Today Papoulias will meet Bosnian Serb leader Radovan Karadzic in Pale in another effort to persuade him to accept the peace plan approved by the big powers.

Although nothing has been announced about the outcome of the Papoulias-Milosevic meeting, diplomatic sources in Belgrade insist that it is difficult for the Greek mediation effort to bear fruit because Belgrade and Karadzic insist on modifying the Bosnia-Herzegovina peace plan.

The Serbs are not only seeking territorial changes, but want passage to the sea and the possibility of future self-determination. The big powers and those who developed the plan insist on it being accepted and approved without any changes. Only Russia supports some of the Serb demands. It is unclear whether Vitaliy Churkin, the Russian observer in the Yugoslav issue, will disagree with the other foreign ministers to support the Serbs.

Contact Group Plan Discussed

AU2807203994 Belgrade Radio Beograd Network in Serbo-Croatian 2000 GMT 28 Jul 94

[Text] Serbian President Slobodan Milosevic this evening received Greek Foreign Minister Karolos Papoulias and his associates. The talks passed in an atmosphere of mutual understanding and openness, and President Milosevic and Minister Papoulias discussed current political issues of common interest, as well as issues related to the current moment and efforts aimed at a successful completion of the peace process in the former Bosnia-Herzegovina. It was stressed that the friendly relations between the Republic of Serbia, that is, the FRY, and Greece, their successful and diverse cooperation, and the fraternity of the Serbian and the Greek people represented a significant factor for the stability in the region. That is why it is natural that Greece is interested in having the crisis in the former Yugoslavia solved through peaceful means in the interest of the normal development of equal relations among states and peoples in this part of Europe.

Particular attention was paid in the talks between Slobodan Milosevic and Karolos Papoulias to the peace plan offered by the Contact Group for the former Bosnia-Herzegovina. It was stressed that the establishment of peace is of the utmost interest to the Serbian people. In that sense, mutual efforts were underlined for an overall peace plan, and just solutions, both in the territorial partition and other issues connected to the constitutional arrangements and the lifting of the sanctions against the FRY, as the inevitable components on which the final and just peace depended. In connection with that, it was stressed that the sanctions against the FRY, that is, the Serbian people in general, encouraged the war option, endangers the chances for a successful outcome of the peace process, and disables the achievement of a political solution to the crisis. Therefore, it was agreed that precise guarantees would have to be offered for the solution to these issues, and to ensure that the peace process continues and ends successfully.

This was a statement about the talks between Serbian President Slobodan Milosevic and Greek Foreign Minister Karolos Papoulias.

Papoulias Departs Belgrade

LD2907092994 Belgrade TANJUG Domestic Service in Serbo-Croatian 0907 GMT 29 Jul 94

[Text] Belgrade, 29 Jul (TANJUG)—Greek Foreign Minister Karolos Papoulias left Belgrade for Pale this morning, where he is expected to hold talks with Radovan Karadzic, president of the Bosnian Serb republic.

The Greek foreign minister said late last night in Belgrade that in Pale he would present his ideas on the Bosnian peace plan, the ideas which in his opinion were acceptable. The Greek foreign minister expressed his belief that in the time still left for negotiations "the interested parties could make some amendments."

It has been announced that after the talks in Pale the Greek foreign minister will return to Belgrade. From there he will leave for Geneva later in the afternoon to attend the Contact Group meeting on Bosnia.

Parliament Rejects Bill on State-Run Radio, TV

LD2807193594 Belgrade TANJUG in English 1850 GMT 28 Jul 94

[Text] Belgrade, July 28 (TANJUG)—The Serbian legislature Thursday rejected a bill on state-run radio and television submitted by four opposition parties.

The two biggest opposition parties in Serbia, the Serbian Radical Party and the Serbian Renewal Movement, walked out of the session before the proposal was put to the vote. [Words indistinct] party said it was boycotting the session because of the incident which occurred at Friday session, while the Serbian Renewal Movement hoped the absence of its members would force the house to postpone the vote for the lack of a quorum.

The vote nevertheless took place because 132 of the 250 deputies were present at the session.

Before the Serbian renewal Movement members walked out of the session, their party leader Vuk Draskovic took the floor and accused Serbia radio and television of monopolistic behaviour. Draskovic also criticized the Serbian Government for its Bosnia policy.

The Serbian legislature started debating the bill last Friday, but the session was disrupted after an incident

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involving the Radical Party whip who had refused to comply with the decision of the house to leave the premises.

The session was resumed Tuesday, but the Serbian Radical Party members walked out dissatisfied because their proposal for setting up a house committee to investigate the circumstances of the incident had been turned down by a majority vote.

At its third emergency session, the legislature will also discuss a bill on political organizations and amendments to the election law proposed by the four opposition parties, and three bills on ownership transformation, proposed by the opposition Democratic Party.

SPO Boycotts Assembly To Protest War Ambitions

LD2807160894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1156 GMT 28 Jul 94

[Excerpts] Belgrade, 28 Jul (TANJUG)—The deputies of the Serbian Renaissance Movement [Srpski Pokret Obnove—SPO] walked out of today's session of the Serbian parliament following their party leader Vuk Draskovic's appeal to do so.

The walkout was preceded by Draskovic's long address, in the course of which he aired a large number of accusations aimed at RTS [Serbian Radio and TV], the conduct of state and national policies, as well as at the leaders of some other parties. Prior to leaving the rostrum Draskovic said that the vote on the draft law on radio and TV should be obstructed by withdrawing from the parliament, adding that as far as the SPO deputies were concerned the third extraordinary session of the Serbian parliament was over.

During the debate, Draskovic stressed that Serbia and Montenegro were at a decisive juncture and that their future depended on the decisions being made over the next few days. "The lifeline is called peace," Draskovic said, accusing RTS of concealing from the people the insane ambitions of the Bosnian Serbs to wage war against the entire world and draw Serbia and Montenegro into this mayhem.

"Final decisions on war and peace cannot be made in a village on Mt. Jahorina, nor can any army from across the Drina River be allowed to lecture Serbia," Draskovic pointed out. He asked whether any of the deputies knew about a plan according to which "if Serbia refuses the path of self-destruction an army will cross the Drina River with the intention of liberating Serbia and installing its president and its administration, something that is supported by some leaders and chiefs. Draskovic accused RTS of warmongering, until recently, and of failing to convey to the people the risk of continuing the war.

He claimed that the ruling party had wanted to reach agreement on the Law on Radio and TV and a package of electoral legislation the moment the SPO had suggested the parliament be boycotted. This was foiled by the opposition parties that refused to walk out of the parliament. "What is the point of hushing up the fact that some people in the opposition are infected by the petty dealing virus" as they find TV coverage of themselves and the odd position in the government more important than the people," Draskovic said.

In his opinion, some parties go even so far as to attract votes by advocating Montenegro's separation from Serbia, something that made Draskovic go to Montenegro "to put out the flames under Lovcen [Montenegro]," as he said.

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